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Federal Milk Market Administrator  
U.S. Department of Agriculture

# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

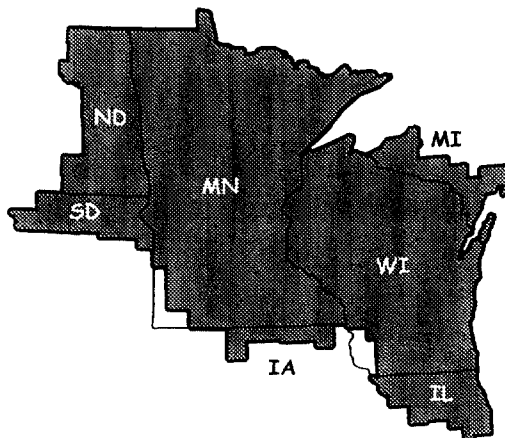
Upper Midwest Marketing Area, Federal Order No. 30

## Monthly Publications

Volume 1, Issues 1 through 11  
February 2000 - December 2000

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January 2001 - June 2001

For Use in Public Hearing  
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Bloomington, Minnesota  
June 2001



Upper Midwest Marketing Area  
F.O. 30





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Volume 2, Issue 6

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## Hearing to be Held in Upper Midwest Order

A public hearing will be held in Bloomington, Minnesota starting at 9:00 a.m. on June 26, 2001.

The hearing is being held to consider proposals that would prevent the pooling of milk on the Upper Midwest Federal Milk Order that is already pooled on a State milk marketing order that has marketwide pooling.

In addition, a proposal that would provide for separate pooling provisions for milk from areas outside the states comprising the Upper Midwest Order will also be considered.

A proposal to change the advance payment to dairy farmers by milk handlers for milk delivered during the first half of the month will also be considered.

Proponents have requested that this issue be handled on an emergency basis.

The hearing will be held at the following location:

**Radisson Hotel South & Plaza Tower**  
7800 Normandale Blvd.  
Bloomington, MN 55439  
Telephone:  
(952) 835-7800

Witnesses at the hearing who wish to present exhibits should provide the Presiding Officer at the hearing with 3 copies of such exhibits. Also, it would be helpful if additional copies are available for the use of other participants at the hearing.

A copy of the official notice of hearing containing all of the proposals to be considered at the hearing can be obtained on our web site at: [www.fmmampls.com](http://www.fmmampls.com) or can be obtained by calling our office at (952)831-5292.

See Page 2 for the steps involved in the order amendment process.

# June is Dairy Month!

## Pool Summary

- In May, 13,753 producers delivered to the market with an average daily delivery of 3,877 pounds.
- Producer milk totaled 1.6 billion pounds, down 8% on a daily basis from April.
- Class I utilization totaled 331

million pounds, up 2% on a daily basis from April.

- Class I usage accounted for 20.7% of producer milk.
- The May Producer Price Differential is \$0.67 per cwt.
- The Statistical Uniform Price is \$14.50 per cwt., up \$1.61 from April and \$4.23 above May 2000.
- Market statistics for May are shown on Pages 4 and 5.

## May 2001 Producer Milk by Class

|           | Percent | Product Pounds | Price \$/cwt. |
|-----------|---------|----------------|---------------|
| Class I   | 20.7    | 330,749,864    | 16.01         |
| Class II  | 3.1     | 50,388,659     | 15.72         |
| Class III | 75.5    | 1,207,410,526  | 13.83         |
| Class IV  | 0.7     | 11,417,862     | 15.04         |
| Total     |         | 1,599,966,911  |               |

## 12 Steps to Amending an Order

Listed below are the 12 steps typically followed by USDA in the process of amending a Federal milk order. However, when an action is handled on an emergency basis, steps 7, 8, and 9 are eliminated.

The proponents for the order amendment process currently under way in the Upper Midwest Order (see Page 1) have requested emergency action. The first three steps below have already taken place in the current amendment process.

1. *The Secretary of Agriculture introduces and / or receives proposal for hearing.*
2. *Secretary investigates merit of proposal.*
3. *Secretary issues notice of hearing or denies the petition.*
4. Interested parties present evidence at a hearing.
5. Interested parties file briefs.
6. USDA reviews and evaluates the hearing record.
7. USDA issues recommended decision.
8. Interested parties file exceptions.
9. USDA reconsiders decision in light of exceptions.
10. USDA issues final decision.
11. Producers approve or disapprove issuance of proposed new order.
12. Final order is put in effect or order is terminated.

## Members Named to Fluid Milk Board

Secretary of Agriculture Ann M. Veneman recently announced the appointment of two incumbents and five new members to the National Fluid Milk Processor Promotion Board. All will be seated at the next board meeting, July 13.

Re-appointed members were: Ann Puelz Ocana, Phoenix, Arizona (at-large); and Joseph W. Van Treeck, Anchorage, Alaska (at-large public member).

Newly appointed were: Peter Ross, Franklin, Massachusetts, (Region 1); Mary Williams, Athens, Tennessee, (Region 4); Rachel Kylo, Minneapolis,

Minnesota, (Region 7); John D. Robinson, Dallas, Texas, (Region 10); and James T. Wilcox III, Roy, Washington, (Region 13).

The newly appointed and reappointed members will serve 3-year terms which expire May 31, 2004.

The National Fluid Milk Processor Promotion Board is composed of 15 fluid milk processors from 15 geographic regions, and five at-large members. At least three at-large members must be fluid milk processors and at least one must be from the general public. The

board was established by the Fluid Milk Promotion Act of 1990 to develop and administer a coordinated program of advertising and promotion to increase the demand for fluid milk products.

The national fluid milk program is financed by a mandatory 20-cent per hundredweight assessment on all fluid milk processed and marketed commercially in consumer-type packages in the contiguous 48 states and the District of Columbia. Processors who commercially process and market 500,000 pounds or less per month are exempt from assessments.

## Cheese and Butter Prices Up

Prices for cheddar cheese on the Chicago Mercantile Exchange (CME) are at their highest levels in more than a year and a half.

In mid-June, CME prices for barrels and 40-pound blocks of cheddar cheese were \$1.6150 and \$1.6500 per pound, respectively. Both prices are at their highest levels since the fall of 1999, a time when record high cheese prices were set.

The CME butter price in mid-June was \$1.9525 per pound, down from \$2.0125 in late April. However, with the exception of the higher prices in April, the butter price is at its highest level since November 1998.

The higher commodity prices have resulted in higher Federal order prices as well. The Upper Midwest Order base zone Class I (fluid) price for June is

\$16.79 per cwt., while the Class III (cheese) price for May is \$13.83 per cwt. These prices are the highest since Federal order reform in January 2000.

At current price levels, the July Class I price will likely reach about \$17.00, with the June Class III price expected to reach about \$14.75.



## USDA Changes CCC Purchase Prices for Dairy Products

The U.S. Department of Agriculture recently announced that the Commodity Credit Corporation (CCC) purchase price for butter bought under the Dairy Price Support Program was increased 19.99 cents per pound, while the price for nonfat dry milk was decreased 10.32 cents per pound.

The Agriculture, Rural Development, Food and Drug Administration, and

Related Agencies Appropriation Act, 2001, extended the price support program through calendar year (CY) 2001 at the 2000 support price of \$9.90 per cwt. for milk at 3.67% butterfat.

The decision to change the butter and nonfat dry milk prices was based on an accumulation of nonfat dry milk stocks in quantities well above USDA's ability to use the product, the level of expendi-

tures to USDA, and significant market distortions.

The Agricultural Market Transition Act permits the USDA to adjust the balance between the purchase prices of butter and nonfat dry milk twice each calendar year.

The new purchase prices were effective May 31, 2001.

| Commodity Credit Corporation Purchase Prices   |                                 |                                      |         |
|--|---------------------------------|--------------------------------------|---------|
|  | Produced before<br>May 31, 2001 | Produced on or after<br>May 31, 2001 | Change  |
| ----- Dollars Per Pound -----  |                                 |                                      |         |
| <b>Butter, U.S. Grade A or Higher</b>  |                                 |                                      |         |
| 25-kg. blocks: Salted  | 0.6549                          | 0.8548                               | +0.1999 |
| <b>Nonfat Dry Milk (spray), U.S. Extra Grade<br/>(but not more than 3.5% moisture)</b> |                                 |                                      |         |
| 25-kg. bags: Nonfortified <sup>1</sup>   | 1.0032                          | 0.9000                               | -0.1032 |
| Fortified (Vitamins A & D)   | 1.0132                          | 0.9100                               | -0.1032 |
| <b>Cheddar Cheese, Standard Moisture Basis<sup>2</sup></b>                             |                                 |                                      |         |
| 40-pound blocks, U.S. Grade A or Higher  | 1.1314                          | 1.1314                               | n/c     |
| 500-pound barrels, U.S. Extra Grade  | 1.1014                          | 1.1014                               | n/c     |

<sup>1</sup> Nonfat dry milk in bags classified as "Type X" will be accepted at a discount of 0.50 cent (1/2 cent) per pound.  
<sup>2</sup> Subject to adjustment for moisture content.

## Upper Midwest Pool Statistics - May 2001

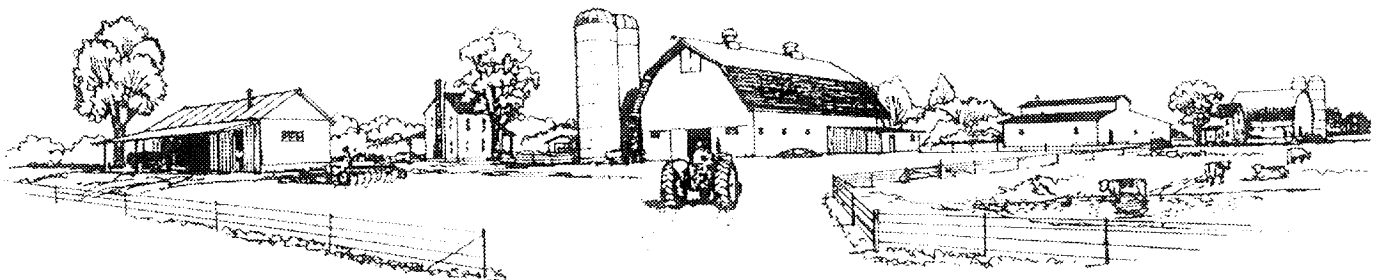
| Market Class I<br>Differential<br>Rate | Pool<br>Plants | Received at<br>Pool Plants | Diverted to<br>Pool and<br>Nonpool Plants | Total         | Location<br>Adjustment to<br>Producers | Class I Differential<br>to Handlers |             |
|--|----------------|----------------------------|---|---------------|--|-------------------------------------|-------------|
| Cwt.                                   | Number         | Pounds                     | Pounds                                    | Pounds        | Value                                  | Pounds                              | Value       |
| \$1.80                                 | 5              | 19,382,222                 | 51,063,032                                | 70,445,254    | \$ 0                                   | 41,160,599                          | \$ 740,891  |
| \$1.75                                 | 34             | 169,048,078                | 287,033,963                               | 456,082,041   | 228,041                                | 140,771,274                         | 2,463,497   |
| \$1.70                                 | 38             | 150,798,667                | 767,274,819                               | 918,073,486   | 918,074                                | 127,997,522                         | 2,175,958   |
| \$1.65                                 | 6              | 29,024,594                 | 13,934,353                                | 42,958,947    | 64,438                                 | 20,820,469                          | 343,538     |
| Other                                  | 0              | 0                          | 112,407,183                               | 112,407,183   | (44,945)                               | 0                                   | 0           |
| Total                                  | 83             | 368,253,561                | 1,231,713,350                             | 1,599,966,911 | \$1,165,608                            | 330,749,864                         | \$5,723,884 |

## Computation of Producer Price Differential - May 2001

|   | Utilization<br>Percentage | Product<br>Pounds    | Component<br>Pounds | Rate      | Value                    |
|---|---------------------------|----------------------|---------------------|-----------|--------------------------|
| Class I   |                           |                      |                     |           | \$ 5,723,883.73          |
| Differential Value  |                           |                      |                     |           |                          |
| Product   | 20.7%                     | 330,749,864          |                     |           |                          |
| Skim Milk   |                           |                      | 325,527,927         | \$ 7.8800 | 25,651,600.64            |
| Butterfat   |                           |                      | 5,221,937           | 1.8887    | 9,862,672.39             |
| Class II  |                           |                      |                     |           |                          |
| Product   | 3.1%                      | 50,388,659           |                     |           |                          |
| Nonfat Solids   |                           |                      | 3,887,635           | 0.9533    | 3,706,082.46             |
| Butterfat   |                           |                      | 7,259,429           | 2.1261    | 15,434,271.99            |
| Class III   |                           |                      |                     |           |                          |
| Product   | 75.5%                     | 1,207,410,526        |                     |           |                          |
| Protein   |                           |                      | 35,955,803          | 1.9108    | 68,704,348.34            |
| Other Solids  |                           |                      | 69,371,513          | 0.1229    | 8,525,758.94             |
| Butterfat   |                           |                      | 41,310,689          | 2.1191    | 87,541,481.05            |
| Class IV  |                           |                      |                     |           |                          |
| Product   | 0.7%                      | 11,417,862           |                     |           |                          |
| Nonfat Solids   |                           |                      | 602,896             | 0.8780    | 529,342.70               |
| Butterfat   |                           |                      | 4,728,276           | 2.1191    | 10,019,689.67            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                      |                     |           | 118,630.92               |
| <b>Total Producer Milk *</b>                                      |                           | <b>1,599,966,911</b> |                     |           | <b>\$ 235,817,762.83</b> |
| Add:  |                           |                      |                     |           |                          |
| Overage   |                           |                      |                     |           | 103,326.37               |
| Inventory Reclassified  |                           |                      |                     |           | 85,769.14                |
| Other Source Milk \$.60(h)  |                           |                      |                     |           | 0.00                     |
| Other Source Milk \$.60(i)  |                           |                      |                     |           | 0.00                     |
| Subtract:   |                           |                      |                     |           |                          |
| Transportation Credit   |                           |                      |                     |           | 175,819.25               |
| Assembly Credit   |                           |                      |                     |           | 263,188.21               |
| Credit for Reconstituted FMP                                      |                           |                      |                     |           | 0.00                     |
| Producer Milk Protein   |                           |                      |                     |           | 90,697,560.83            |
| Producer Milk Other Solids  |                           |                      |                     |           | 11,269,586.87            |
| Producer Milk Butterfat   |                           |                      |                     |           | 124,010,433.48           |
| Producer Milk SCC Adjustment                                      |                           |                      |                     |           | 186,227.04               |
| <b>Total Milk and Value</b>                                       |                           | <b>1,599,966,911</b> |                     |           | <b>\$ 9,404,042.66</b>   |
| Add:  |                           |                      |                     |           |                          |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                      |                     |           | 1,165,607.95             |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                      |                     |           | 795,311.37               |
| <b>Total Value</b>  |                           |                      |                     | 0.710325  | <b>\$ 11,364,961.98</b>  |
| Subtract:   |                           |                      |                     |           |                          |
| Producer Settlement Fund Reserve                                  |                           |                      |                     | 0.040325  | 645,183.68               |

**Producer Price Differential** (Dollars Per Cwt.--Base Zone) **\$0.67** **\$10,719,778.30**

\* An estimated 53 million pounds of milk was not pooled.



## Utilization and Classification

|   | May 2001             |                   | April 2001           | May 2000             |
|---|----------------------|-------------------|----------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |                      |
| Packaged Disposition                      |                      |                   |                      |                      |
| Milk                                      | 53,833,258           | 1,747,788         | 50,028,805           | 53,495,980           |
| Flavored Milk                             | 5,456,276            | 168,693           | 5,022,778            | 7,605,583            |
| Reduced Fat Milk                          | 131,498,441          | 2,588,212         | 124,301,331          | 133,235,296          |
| Lowfat Milk                               | 43,668,360           | 430,541           | 42,811,223           | 44,473,313           |
| Fat Free Milk                             | 84,138,192           | 96,932            | 79,655,216           | 85,350,744           |
| Flavored Reduced and Fat Free Milk        | 24,842,291           | 215,512           | 22,308,814           | 23,638,207           |
| Buttermilk                                | 2,939,412            | 33,555            | 2,501,620            | 2,556,104            |
| Total Packaged Disposition                | 346,376,230          | 5,281,233         | 326,629,787          | 350,355,227          |
| Total Ending Inventory                    | 29,886,261           | 459,531           | 26,035,938           | 25,868,525           |
| Bulk to Nonpool Plants                    | 754,759              | 18,904            | 1,551,247            | 3,111,110            |
| Shrinkage                                 | 2,927,207            | 107,916           | 2,718,907            | 5,033,949            |
| Total Class I Utilization                 | 379,944,457          | 5,867,584         | 356,935,879          | 384,368,811          |
| Other Order Plants                        | (20,791,529)         | (227,454)         | (13,828,019)         | (4,029,022)          |
| Beginning Inventory                       | (28,369,653)         | (417,607)         | (28,746,428)         | (28,901,056)         |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | (182,282)            | (2,003)           | (438,934)            | (327,262)            |
| Overage                                   | (39,412)             | 0                 | --                   | --                   |
| Interhandler Adjustment                   | 188,283              | 1,417             | (330,292)            | (358,547)            |
| <b>Class I Producer Milk</b>              | <b>330,749,864</b>   | <b>5,221,937</b>  | <b>313,592,206</b>   | <b>350,752,924</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |                      |
| Total Class II Utilization                | 78,219,351           | 9,466,073         | 68,522,266           | 100,205,365          |
| Other Order Plants                        | (8,782,345)          | (440,953)         | (5,595,204)          | (1,613,758)          |
| Beginning Inventory                       | (4,025,988)          | (374,565)         | (3,121,667)          | (2,664,973)          |
| Reused Products                           | (12,999,442)         | (21,820)          | (9,345,251)          | (8,873,640)          |
| Other Source Milk                         | (2,022,917)          | (1,369,306)       | (1,514,426)          | (1,331,028)          |
| Overage                                   | --                   | --                | --                   | (336,286)            |
| <b>Class II Producer Milk</b>             | <b>50,388,659</b>    | <b>7,259,429</b>  | <b>48,945,718</b>    | <b>85,385,680</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |                      |
| Total Class III Utilization               | 1,242,808,488        | 42,328,473        | 1,336,003,359        | 1,674,403,839        |
| Other Order Plants                        | (26,361,804)         | (809,877)         | (20,427,673)         | (7,505,302)          |
| Beginning Inventory                       | (5,426,117)          | (135,390)         | (1,751,810)          | (9,176,249)          |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | (3,475,712)          | (62,347)          | (5,794,148)          | (18,985,310)         |
| Overage                                   | (134,329)            | (10,170)          | (36,130)             | (53,013)             |
| <b>Class III Producer Milk</b>            | <b>1,207,410,526</b> | <b>41,310,689</b> | <b>1,307,993,598</b> | <b>1,638,683,965</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |                      |
| Total Class IV Utilization                | 34,967,201           | 6,395,406         | 39,549,920           | 39,854,650           |
| Other Order Plants                        | (7,819,160)          | (708,016)         | (10,788,257)         | (2,025,181)          |
| Beginning Inventory                       | (10,562,779)         | (564,689)         | (7,238,090)          | (20,036,470)         |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | (5,147,038)          | (378,226)         | (4,827,123)          | (7,506,523)          |
| Overage                                   | (20,362)             | (16,199)          | (18,251)             | (172,249)            |
| <b>Class IV Producer Milk</b>             | <b>11,417,862</b>    | <b>4,728,276</b>  | <b>16,678,199</b>    | <b>10,114,227</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>1,599,966,911</b> | <b>58,520,331</b> | <b>1,687,209,721</b> | <b>2,084,936,796</b> |

-- Restricted Information

# Commodity Prices

## Weighted Monthly Average NASS Prices \*

## Weighted Two-Week Average NASS Prices \*

| Month/Year | Cheddar Cheese           |         |         |        |        |          | Cheddar Cheese           |         |         |        |        |          |
|------------|--------------------------|---------|---------|--------|--------|----------|--------------------------|---------|---------|--------|--------|----------|
|            | Blocks                   | Barrels | Average | Butter | NFDM   | Dry Whey | Blocks                   | Barrels | Average | Butter | NFDM   | Dry Whey |
|            | <i>Dollars per Pound</i> |         |         |        |        |          | <i>Dollars per Pound</i> |         |         |        |        |          |
| May 2000   | 1.0892                   | 1.0793  | 1.1022  | 1.1680 | 1.0071 | 0.1760   | 1.0911                   | 1.0768  | 1.1011  | 1.1140 | 1.0100 | 0.1755   |
| Jun        | 1.0996                   | 1.0929  | 1.1137  | 1.2725 | 1.0097 | 0.1794   | 1.0914                   | 1.0851  | 1.1060  | 1.2911 | 1.0106 | 0.1794   |
| Jul        | 1.1992                   | 1.2041  | 1.2189  | 1.1547 | 1.0102 | 0.1909   | 1.2013                   | 1.2175  | 1.2269  | 1.1729 | 1.0093 | 0.1893   |
| Aug        | 1.1979                   | 1.1104  | 1.1660  | 1.1520 | 1.0108 | 0.1929   | 1.2029                   | 1.1406  | 1.1847  | 1.1465 | 1.0091 | 0.1940   |
| Sep        | 1.2653                   | 1.1719  | 1.2315  | 1.1560 | 1.0166 | 0.1856   | 1.2720                   | 1.1797  | 1.2380  | 1.1444 | 1.0168 | 0.1856   |
| Oct        | 1.1940                   | 1.1032  | 1.1602  | 1.1344 | 1.0127 | 0.1826   | 1.2293                   | 1.1486  | 1.2012  | 1.1337 | 1.0143 | 0.1820   |
| Nov        | 1.0284                   | 0.9906  | 1.0245  | 1.4051 | 1.0159 | 0.1917   | 1.0343                   | 0.9874  | 1.0259  | 1.2032 | 1.0157 | 0.1881   |
| Dec        | 1.0835                   | 1.0645  | 1.0898  | 1.4698 | 1.0158 | 0.2172   | 1.0824                   | 1.0702  | 1.0930  | 1.6110 | 1.0159 | 0.2194   |
| Jan 2001   | 1.0991                   | 1.1017  | 1.1180  | 1.1725 | 1.0165 | 0.2484   | 1.1171                   | 1.1147  | 1.1340  | 1.1279 | 1.0172 | 0.2446   |
| Feb        | 1.1077                   | 1.1436  | 1.1467  | 1.3143 | 1.0137 | 0.2561   | 1.0935                   | 1.1431  | 1.1402  | 1.3026 | 1.0135 | 0.2603   |
| Mar        | 1.2434                   | 1.2658  | 1.2737  | 1.4942 | 1.0127 | 0.2406   | 1.2446                   | 1.2725  | 1.2769  | 1.4862 | 1.0132 | 0.2406   |
| Apr        | 1.3359                   | 1.3173  | 1.3423  | 1.7126 | 1.0145 | 0.2446   | 1.3305                   | 1.3041  | 1.3326  | 1.6637 | 1.0154 | 0.2434   |
| May        | 1.4885                   | 1.5036  | 1.5129  | 1.8527 | 1.0180 | 0.2590   | 1.4395                   | 1.4696  | 1.4731  | 1.8397 | 1.0173 | 0.2535   |

## Chicago Mercantile Exchange

| Month/Year | Butter                   | Cheddar Cheese |         | NFDM    |         | Dry Whey |         |
|------------|--------------------------|----------------|---------|---------|---------|----------|---------|
|            | Grade AA                 | Blocks         | Barrels | Central | Western | Central  | Western |
|            | <i>Dollars per Pound</i> |                |         |         |         |          |         |
| May 2000   | 1.2450                   | 1.0950         | 1.0860  | 1.0008  | 1.0022  | 0.1755   | 0.1758  |
| Jun        | 1.2440                   | 1.2050         | 1.1901  | 1.0122  | 1.0048  | 0.1868   | 0.1784  |
| Jul        | 1.1790                   | 1.2345         | 1.1916  | 1.0225  | 1.0060  | 0.1970   | 0.1855  |
| Aug        | 1.1933                   | 1.2460         | 1.1049  | 1.0227  | 1.0104  | 0.1804   | 0.1873  |
| Sep        | 1.1727                   | 1.2953         | 1.2360  | 1.0244  | 1.0100  | 0.1753   | 0.1853  |
| Oct        | 1.1462                   | 1.0463         | 1.0052  | 1.0233  | 1.0063  | 0.1817   | 0.1819  |
| Nov        | 1.6490                   | 1.0588         | 1.0306  | 1.0308  | 1.0094  | 0.2109   | 0.1913  |
| Dec        | 1.3700                   | 1.1233         | 1.1095  | 1.0429  | 1.0111  | 0.2528   | 0.2111  |
| Jan 2001   | 1.2531                   | 1.0912         | 1.0860  | 1.0364  | 1.0127  | 0.2719   | 0.2383  |
| Feb        | 1.3852                   | 1.2184         | 1.2232  | 1.0316  | 1.0103  | 0.2514   | 0.2370  |
| Mar        | 1.5708                   | 1.3161         | 1.2770  | 1.0313  | 1.0117  | 0.2389   | 0.2362  |
| Apr        | 1.8217                   | 1.4180         | 1.3885  | 1.0426  | 1.0125  | 0.2502   | 0.2413  |
| May        | 1.8713                   | 1.6023         | 1.5665  | 1.0399  | 1.0134  | 0.2684   | 0.2551  |

# Market Statistics

| Month/Year | Distributing<br>Plants | Supply<br>Plants | Coop .9(c)<br>Handlers | Producers | Total<br>Producer<br>Milk | Estimated<br>Average Daily<br>Delivery | Class I<br>Utilization | Butterfat<br>Test | Protein<br>Test | Other<br>Solids<br>Test | Weighted<br>Average<br>SCC |
|------------|------------------------|------------------|------------------------|-----------|---------------------------|--|------------------------|-------------------|-----------------|-------------------------|----------------------------|
|            |                        |                  |                        |           | Min. lbs.                 | Pounds                                 | Percent                | Percent           | Percent         | Percent                 |                            |
|            |                        |                  |                        |           | <i>Dollars per Pound</i>  |  |                        |                   |                 |                         |                            |
| May 2000   | 29                     | 73               | 11                     | 20,091    | 2,085                     | 3,402                                  | 16.8                   | 3.67              | 2.96            | 5.74                    | 327                        |
| Jun        | 29                     | 72               | 10                     | 18,854    | 1,933                     | 3,370                                  | 16.9                   | 3.64              | 2.95            | 5.74                    | 349                        |
| Jul        | 26                     | 69               | 10                     | 18,195    | 1,917                     | 3,364                                  | 16.4                   | 3.59              | 2.91            | 5.72                    | 371                        |
| Aug        | 27                     | 70               | 10                     | 18,083    | 1,852                     | 3,382                                  | 18.6                   | 3.59              | 2.93            | 5.70                    | 377                        |
| Sep        | 25                     | 67               | 10                     | 17,362    | 1,708                     | 3,357                                  | 20.2                   | 3.68              | 3.02            | 5.69                    | 360                        |
| Oct        | 25                     | 65               | 10                     | 16,870    | 1,638                     | 3,352                                  | 20.9                   | 3.78              | 3.07            | 5.68                    | 324                        |
| Nov        | 26                     | 61               | 12                     | 16,223    | 1,594                     | 3,397                                  | 21.7                   | 3.83              | 3.09            | 5.69                    | 314                        |
| Dec        | 27                     | 60               | 11                     | 15,978    | 1,657                     | 3,416                                  | 20.4                   | 3.85              | 3.10            | 5.66                    | 317                        |
| Jan 2001   | 26                     | 58               | 11                     | 16,027    | 1,729                     | 3,563                                  | 19.9                   | 3.81              | 3.05            | 5.67                    | 338                        |
| Feb        | 28                     | 57               | 11                     | 15,843    | 1,579                     | 3,637                                  | 19.7                   | 3.79              | 3.05            | 5.70                    | 332                        |
| Mar        | 27                     | 57               | 11                     | 15,331    | 1,726                     | 3,710                                  | 20.1                   | 3.77              | 3.03            | 5.69                    | 335                        |
| Apr        | 26                     | 56               | 11                     | 14,635    | 1,687                     | 3,943                                  | 18.6                   | 3.73              | 2.99            | 5.72                    | 332                        |
| May        | 27                     | 56               | 11                     | 13,753    | 1,600                     | 3,877                                  | 20.7                   | 3.66              | 2.97            | 5.73                    | 335                        |

\* NASS = National Agricultural Statistics Service, USDA.

# Class Prices

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |               |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| May 2000   | 1.1559              | 7.70        | 11.48       | 1.1739                           | 9.50        | 13.28       | 1.2924         | 0.9333        | 8.40        | 12.63       |
| Jun        | 1.2195              | 7.70        | 11.70       | 1.2375                           | 9.50        | 13.50       | 1.4198         | 0.9333        | 8.40        | 13.08       |
| Jul        | 1.4355              | 7.71        | 12.46       | 1.4535                           | 9.51        | 14.26       | 1.2761         | 0.9344        | 8.41        | 12.58       |
| Aug        | 1.2913              | 7.70        | 11.95       | 1.3093                           | 9.50        | 13.75       | 1.2729         | 0.9333        | 8.40        | 12.56       |
| Sep        | 1.2591              | 7.70        | 11.84       | 1.2771                           | 9.50        | 13.64       | 1.2777         | 0.9333        | 8.40        | 12.58       |
| Oct        | 1.2566              | 7.76        | 11.89       | 1.2746                           | 9.56        | 13.69       | 1.2514         | 0.9400        | 8.46        | 12.54       |
| Nov        | 1.2435              | 7.74        | 11.82       | 1.2615                           | 9.54        | 13.62       | 1.5815         | 0.9378        | 8.44        | 13.68       |
| Dec        | 1.3283              | 7.75        | 12.13       | 1.3463                           | 9.55        | 13.93       | 1.6604         | 0.9389        | 8.45        | 13.97       |
| Jan 2001   | 1.8244              | 7.88        | 13.99       | 1.8424                           | 9.68        | 15.79       | 1.2966         | 0.9533        | 8.58        | 12.82       |
| Feb        | 1.2352              | 7.89        | 11.94       | 1.2532                           | 9.69        | 13.74       | 1.4696         | 0.9544        | 8.59        | 13.43       |
| Mar        | 1.4483              | 7.86        | 12.65       | 1.4663                           | 9.66        | 14.45       | 1.6890         | 0.9511        | 8.56        | 14.17       |
| Apr        | 1.6722              | 7.86        | 13.44       | 1.6902                           | 9.66        | 15.24       | 1.9553         | 0.9511        | 8.56        | 15.10       |
| May        | 1.8887              | 7.88        | 14.21       | 1.9067                           | 9.68        | 16.01       | 2.1261         | 0.9533        | 8.58        | 15.72       |
| June       | 2.1033              | 7.90        | 14.99       | 2.1213                           | 9.70        | 16.79       |                | 0.9556        | 8.60        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| May 2000   | 1.2854          | 1.5514     | 0.0403       | 5.05        | 9.37        | 1.2854         | 0.8530        | 7.68        | 11.91       |
| Jun        | 1.4128          | 1.4278     | 0.0438       | 4.68        | 9.46        | 1.4128         | 0.8556        | 7.70        | 12.38       |
| Jul        | 1.2691          | 1.9726     | 0.0557       | 6.44        | 10.66       | 1.2691         | 0.8561        | 7.70        | 11.87       |
| Aug        | 1.2659          | 1.7952     | 0.0577       | 5.91        | 10.13       | 1.2659         | 0.8567        | 7.71        | 11.87       |
| Sep        | 1.2707          | 2.0137     | 0.0502       | 6.54        | 10.76       | 1.2707         | 0.8624        | 7.76        | 11.94       |
| Oct        | 1.2444          | 1.8028     | 0.0471       | 5.87        | 10.02       | 1.2444         | 0.8585        | 7.73        | 11.81       |
| Nov        | 1.5745          | 0.9149     | 0.0565       | 3.17        | 8.57        | 1.5745         | 0.8617        | 7.76        | 13.00       |
| Dec        | 1.6534          | 1.0378     | 0.0829       | 3.71        | 9.37        | 1.6534         | 0.8616        | 7.75        | 13.27       |
| Jan 2001   | 1.2896          | 1.6181     | 0.1120       | 5.68        | 9.99        | 1.2896         | 0.8765        | 7.89        | 12.13       |
| Feb        | 1.4626          | 1.4951     | 0.1199       | 5.34        | 10.27       | 1.4626         | 0.8737        | 7.86        | 12.70       |
| Mar        | 1.6820          | 1.6498     | 0.1039       | 5.73        | 11.42       | 1.6820         | 0.8727        | 7.85        | 13.46       |
| Apr        | 1.9483          | 1.5443     | 0.1081       | 5.43        | 12.06       | 1.9483         | 0.8745        | 7.87        | 14.41       |
| May        | 2.1191          | 1.9108     | 0.1229       | 6.65        | 13.83       | 2.1191         | 0.8780        | 7.90        | 15.04       |

# Producer Prices

| Month/Year | Producer Price Differential | Statistical Uniform Price (at 3.50%) | Butterfat Price   | Protein Price     | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|-----------------------------|--------------------------------------|-------------------|-------------------|--------------------|---------------------|----------------------------------|
|            | <i>\$ per cwt.</i>          | <i>\$ per cwt.</i>                   | <i>\$ per lb.</i> | <i>\$ per lb.</i> | <i>\$ per lb.</i>  | <i>\$ per cwt.</i>  | <i>\$ per cwt.</i>               |
| Jan 2000   | 0.43                        | 10.48                                | 0.9366            | 2.1677            | 0.0503             | 0.00058             | 11.41                            |
| Feb        | 0.56                        | 10.10                                | 0.9588            | 1.9849            | 0.0432             | 0.00055             | 11.04                            |
| Mar        | 0.64                        | 10.18                                | 1.0191            | 1.9166            | 0.0424             | 0.00055             | 11.04                            |
| Apr        | 0.74                        | 10.15                                | 1.1352            | 1.7399            | 0.0408             | 0.00055             | 11.12                            |
| May        | 0.90                        | 10.27                                | 1.2854            | 1.5514            | 0.0403             | 0.00055             | 11.10                            |
| Jun        | 0.97                        | 10.43                                | 1.4128            | 1.4278            | 0.0438             | 0.00056             | 11.35                            |
| Jul        | 0.70                        | 11.36                                | 1.2691            | 1.9726            | 0.0557             | 0.00061             | 11.97                            |
| Aug        | 0.84                        | 10.97                                | 1.2659            | 1.7952            | 0.0577             | 0.00058             | 11.76                            |
| Sep        | 0.70                        | 11.46                                | 1.2707            | 2.0137            | 0.0502             | 0.00062             | 12.43                            |
| Oct        | 0.86                        | 10.88                                | 1.2444            | 1.8028            | 0.0471             | 0.00058             | 12.00                            |
| Nov        | 1.43                        | 10.00                                | 1.5745            | 0.9149            | 0.0565             | 0.00051             | 11.56                            |
| Dec        | 1.23                        | 10.60                                | 1.6534            | 1.0378            | 0.0829             | 0.00054             | 12.27                            |
| Jan 2001   | 1.03                        | 11.02                                | 1.2896            | 1.6181            | 0.1120             | 0.00056             | 12.29                            |
| Feb        | 0.88                        | 11.15                                | 1.4626            | 1.4951            | 0.1199             | 0.00057             |                                  |
| Mar        | 0.78                        | 12.20                                | 1.6820            | 1.6498            | 0.1039             | 0.00064             |                                  |
| Apr        | 0.83                        | 12.89                                | 1.9483            | 1.5443            | 0.1081             | 0.00067             |                                  |
| May        | 0.67                        | 14.50                                | 2.1191            | 1.9108            | 0.1229             | 0.00076             |                                  |

# Summary of Federal Order Data - May 2001

| Federal Order<br>Number / Name | Producer<br>Deliveries<br><i>Thousand Pounds</i> | Class I<br>Producer<br>Receipts<br><i>Thousand Pounds</i> | Class I<br>Utilization<br><i>Percent</i> | Class I<br>Price<br><i>Dollars per Cwt.</i> | Producer<br>Price<br>Differential<br><i>Dollars per Cwt.</i> | Uniform or Statistical<br>Uniform Price<br><i>Dollars per Cwt.</i> |                                 |
|--------------------------------|--|---|--|---|--|--|---------------------------------|
|                                |  |   |  |   |  | Price at<br>3.50%  | Change From<br>Previous<br>Year |
| 1 Northeast                    | 2,195,910  | 903,958   | 41.1                                     | \$ 17.46                                    | \$ 2.49  | \$ 16.32   | \$ 3.42                         |
| 5 Appalachian                  | 627,412  | 363,956   | 58.0                                     | 17.31                                       | n/a  | 16.77  | 3.09                            |
| 6 Florida                      | 235,280  | 212,698   | 90.4                                     | 18.21                                       | n/a  | 18.22  | 3.09                            |
| 7 Southeast                    | 702,479  | 404,324   | 57.6                                     | 17.31                                       | n/a  | 16.54  | 3.14                            |
| <b>30 Upper Midwest</b>        | <b>1,599,967</b>                                 | <b>330,750</b>  | <b>20.7</b>                              | <b>16.01</b>                                | <b>0.67</b>  | <b>14.50</b>   | <b>4.23</b>                     |
| 32 Central                     | 1,578,678  | 403,585   | 25.6                                     | 16.21                                       | 0.97   | 14.80  | 3.84                            |
| 33 Mideast                     | 1,473,338  | 549,296   | 37.3                                     | 16.21                                       | 1.29   | 15.12  | 2.91                            |
| 124 Pacific Northwest          | 630,635  | 174,939   | 27.7                                     | 16.11                                       | 1.29   | 15.12  | 3.42                            |
| 126 Southwest                  | 805,859  | 334,933   | 41.6                                     | 17.21                                       | 2.22   | 16.05  | 3.62                            |
| 131 Arizona-Las Vegas          | 268,776  | 76,831  | 28.6                                     | 16.56                                       | n/a  | 15.11  | 3.32                            |
| 135 Western                    | 394,382  | 88,050  | 22.3                                     | 16.11                                       | 0.91   | 14.74  | 3.90                            |
| All Market Average or Total *  | 10,512,716                                       | 3,843,320   | 36.6                                     |   |  |  |                                 |

n/a = Not applicable. \* May not add due to rounding.

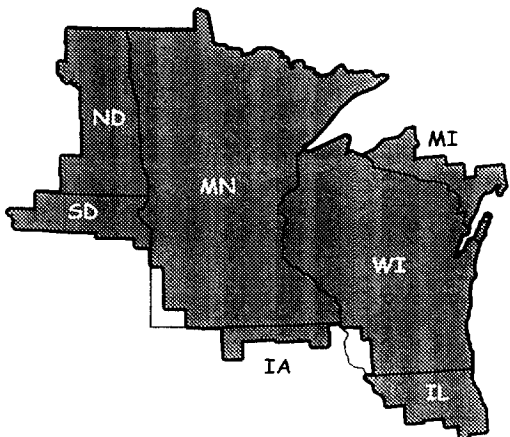
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# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

Volume 2, Issue 5

Upper Midwest Marketing Area, Federal Order No. 30

May 2001

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## Cheese and Butter Prices Up

**P**rices for cheddar cheese on the Chicago Mercantile Exchange (CME) are at their highest levels in more than a year and a half.

In mid-May, CME prices for barrels and 40-pound blocks of cheddar cheese were \$1.5600 and \$1.6075 per pound, respectively. Both prices are at their highest level since September 1999.

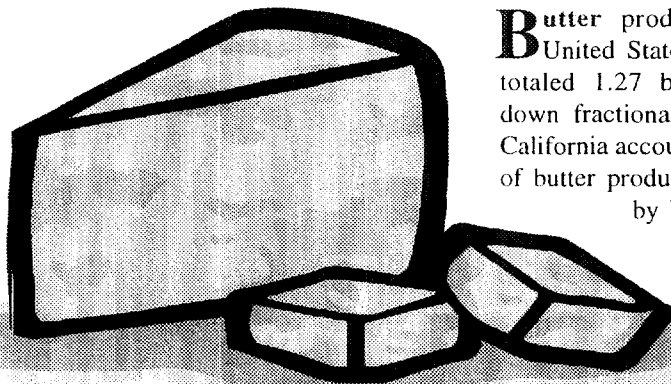
The CME butter price in mid-May was \$1.8800 per pound, down from \$2.0125 in late April. However, with the exception of the higher prices in April, the butter price is at its highest level since November 1998.

The higher commodity prices have resulted in higher Federal order prices as well. The Upper Midwest Order

base zone Class I (fluid) price for May is \$16.01 per cwt., while the Class III (cheese) price for April is \$12.06 per cwt. These prices are the highest since Federal order reform in January 2000.

At current price levels, the June Class I price will likely reach about \$16.75, with the May Class III price expected to reach about \$13.50.

## 2000 Annual Dairy Products Summary



**B**utter production in the United States during 2000 totaled 1.27 billion pounds, down fractionally from 1999. California accounted for 27.8% of butter production, followed by Wisconsin with 22.6%.

**T**otal cheese production in 2000, excluding cottage cheeses, was 8.25 billion pounds, 4.6% above 1999 production. Wisconsin was the leading cheese-producing state with 26.6% of the production.

**A**merican type cheese production was 3.63 billion pounds, 2.9% above 1999. American cheese accounted for 44% of total cheese production in 2000.

*Continued on Page 2*

## Pool Summary

- In April, 14,635 producers delivered to the market with an average daily delivery of 3,943 pounds.
- Producer milk totaled 1.69 billion pounds, up 1.0% on a daily basis from March.
- Class I utilization totaled 314

million pounds, down 6.6% on a daily basis from March.

- Class I usage accounted for 18.6% of producer milk.
- The April Producer Price Differential is \$0.83 per cwt.
- The Statistical Uniform Price is \$12.89 per cwt., up \$0.69 from March and \$2.74 above April 2000.
- Market statistics for April are shown on Pages 4 and 5.

## April 2001 Producer Milk by Class

|              | Percent | Product Pounds       | Price<br>\$/cwt. |
|--------------|---------|----------------------|------------------|
| Class I      | 18.6    | 313,592,206          | 15.24            |
| Class II     | 2.9     | 48,945,718           | 15.10            |
| Class III    | 77.5    | 1,307,993,598        | 12.06            |
| Class IV     | 1.0     | 16,678,199           | 14.41            |
| <b>Total</b> |         | <b>1,687,209,721</b> |                  |

Continued from Page 1

**Italian cheese varieties**, with 3.31 billion pounds, were 5.3% above 1999 production. Mozzarella accounted for 79.5% of the Italian production followed by Provolone with 7.5% and Ricotta with 7.3%. Wisconsin was the leading Italian

cheese producing state, with 27.6% of total production.

**Nonfat dry milk (NFDM)** for human food production, at 1.45 billion pounds, was up 6.8% from 1999. California was the leading NFDM producing state with 47.7% of total production.

**Regular ice cream** production totaled 970 million gallons, down 0.3% from 1999. Lowfat ice cream production at 382 million gallons was up 0.2%. California was the leading ice cream producing state with 14.4% of total production.

### Annual Production and Number of Plants Manufacturing Selected Dairy Products in the United States, 1999 and 2000

| Product                                 | 1999 Revised     |                          | 2000             |                          | Change               |
|---|------------------|--------------------------|------------------|--------------------------|----------------------|
|   | Plants<br>Number | Production<br>1,000 lbs. | Plants<br>Number | Production<br>1,000 lbs. | 1999-2000<br>Percent |
| <b>Butter</b>                           | 84               | 1,277,090                | 78               | 1,273,625                | -0                   |
| <b>Cheese</b>                           |                  |                          |                  |                          |                      |
| American Types                          |                  |                          |                  |                          |                      |
| Cheddar                                 | 180              | 2,778,482                | 172              | 2,828,240                | +2                   |
| Other American <sup>1</sup>             | 122              | 754,123                  | 116              | 805,679                  | +7                   |
| Total American                          | 198              | 3,532,605                | 195              | 3,633,919                | +3                   |
| Swiss                                   | 38               | 221,019                  | 36               | 229,315                  | +4                   |
| Muenster                                | 38               | 80,273                   | 37               | 81,497                   | +2                   |
| Brick                                   | 19               | 8,114                    | 20               | 8,608                    | +6                   |
| Limburger                               | 1                | 664                      | 1                | 637                      | -4                   |
| Italian Varieties                       |                  |                          |                  |                          |                      |
| Mozzarella                              | 126              | 2,522,346                | 120              | 2,633,737                | +4                   |
| Other Italian                           | 95               | 622,381                  | 88               | 677,216                  | +9                   |
| Total Italian                           | 153              | 3,144,727                | 150              | 3,310,953                | +5                   |
| Cream & Neufchatel                      | 32               | 639,299                  | 31               | 687,440                  | +8                   |
| Hispanic                                | 22               | 86,370                   | 26               | 96,303                   | +12                  |
| All Other Types                         | 127              | 181,029                  | 127              | 205,845                  | +14                  |
| Total Cheese <sup>2</sup>               | 398              | 7,894,100                | 395              | 8,254,517                | +5                   |
| <b>Cottage Cheese</b>                   |                  |                          |                  |                          |                      |
| Curd <sup>3</sup>                       | 102              | 464,785                  | 96               | 463,348                  | -0                   |
| Creamed <sup>4</sup>                    | 92               | 360,551                  | 88               | 372,051                  | +3                   |
| Lowfat <sup>5</sup>                     | 92               | 359,315                  | 89               | 364,252                  | +1                   |
| <b>Dry Milk</b>                         |                  |                          |                  |                          |                      |
| Dry Whole Milk                          | 16               | 117,991                  | 13               | 111,377                  | -6                   |
| Nonfat Dry Milk, Human                  | 47               | 1,359,660                | 45               | 1,451,597                | +7                   |
| Dry Skim Milk, Animal                   | 29               | 4,817                    | 29               | 5,566                    | +16                  |
| Dry Buttermilk                          | 23               | 52,107                   | 21               | 56,245                   | +8                   |
| <b>Yogurt, Plain and Fruit Flavored</b> | 85               | 1,717,181                | 77               | 1,835,381                | +7                   |
|   | Number           | 1,000 gallons            | Number           | 1,000 gallons            | Percent              |
| <b>Frozen Products</b>                  |                  |                          |                  |                          |                      |
| Ice Cream, Regular                      | ---              | 972,210                  | ---              | 969,742                  | -0                   |
| Ice Cream, Lowfat <sup>6</sup>          | ---              | 381,236                  | ---              | 382,084                  | +0                   |
| Sherbet                                 | ---              | 54,479                   | ---              | 52,944                   | -3                   |
| Yogurt                                  | ---              | 90,851                   | ---              | 87,257                   | -4                   |

<sup>1</sup> Includes Colby, Monterey, and Jack. <sup>2</sup> Excluding cottage cheese. <sup>3</sup> Mostly used for processing into creamed or lowfat cottage cheese.

<sup>4</sup> Fat content 4.0% or more. <sup>5</sup> Fat content less than 4.0%, mostly 0.5% to 2.0%. <sup>6</sup> Includes freezer-made milkshake.

Source: "Dairy Products 2000 Summary", Da 2-1 (01), National Agricultural Statistics Service (NASS), USDA.



# Milk Production Continues to Decrease

## April Milk Production Down 1.7%

Estimated United States milk production during April totaled 14.1 billion pounds, down 1.7% from April 2000.

U.S. production per cow is estimated at 1,549 pounds for April, down 15 pounds, or 1%, from a year earlier.

The estimated number of cows on U.S. farms in April was 9.1 million head, 75,000 head fewer than April 2000 and 14,000 head less than March 2001.

For the top five milk producing states, production in April 2001, compared to

April 2000, was up 2% in California, but down 6% in Pennsylvania, 5% in Minnesota, 4% in New York and 3% in Wisconsin.

## January-April Milk Production Down 1.9%

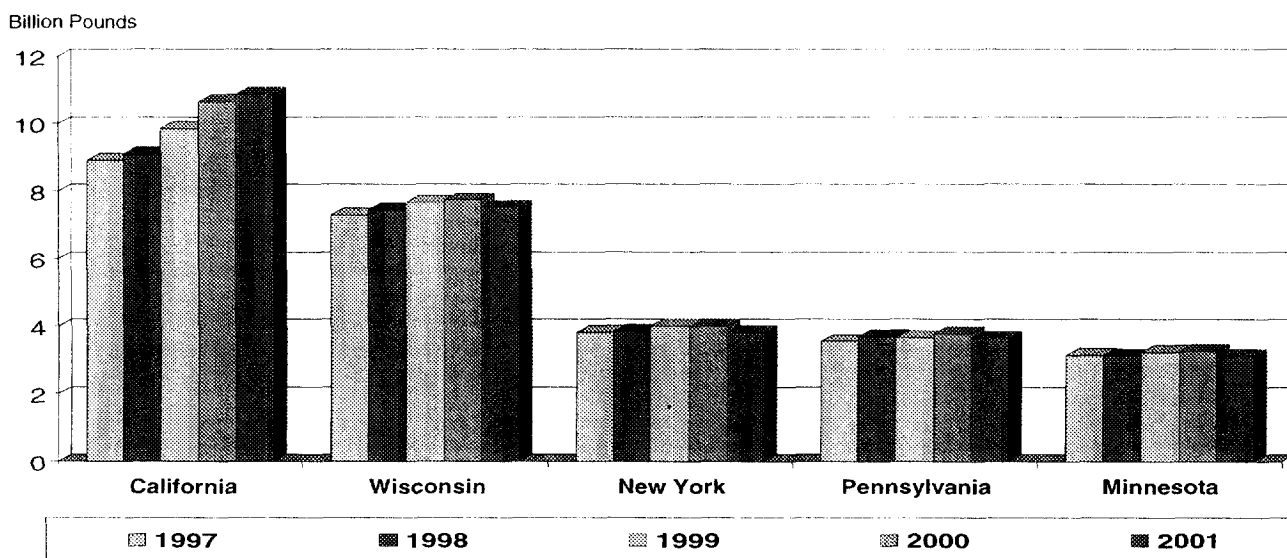
U.S. milk production for the first four months of 2001, estimated at 55.5 billion pounds, was down 1.9% from the same period in 2000, when adjusted for leap year. The decrease resulted from a 0.5% decrease in the average number of milk cows and a 1.5% average decrease in daily milk production per cow.

### Milk Production Top 5 States & U.S. January - April 2001

|               | Production | Change     |
|---------------|------------|------------|
|               | Mil. Lbs.  | from 2000* |
|               |            | Percent    |
| California    | 10,868     | +2.1       |
| Wisconsin     | 7,528      | -2.7       |
| New York      | 3,820      | -4.5       |
| Pennsylvania  | 3,648      | -3.9       |
| Minnesota     | 3,105      | -5.3       |
| United States | 55,464     | -1.9       |

\* Adjusted for leap year.

Milk Production -- Top 5 States, January-April



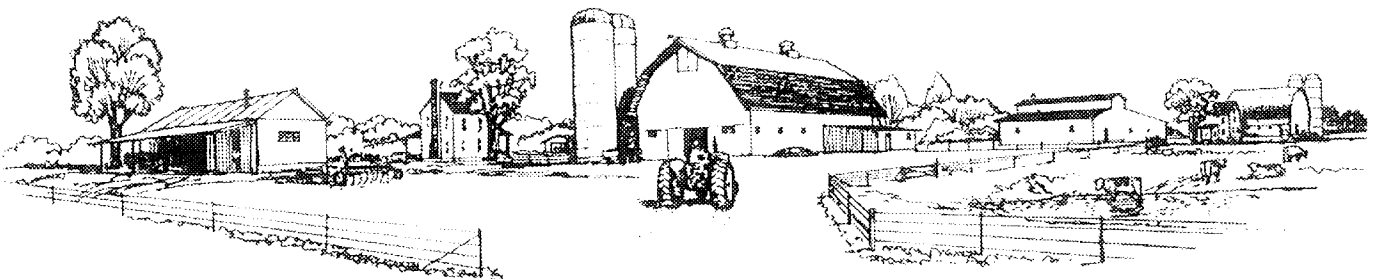
## Upper Midwest Pool Statistics - April 2001

| Market Class I<br>Differential<br>Rate | Pool<br>Plants | Received at<br>Pool Plants | Diverted to<br>Pool and<br>Nonpool Plants | Total         | Location<br>Adjustment to<br>Producers | Class I Differential<br>to Handlers |             |
|--|----------------|----------------------------|---|---------------|--|-------------------------------------|-------------|
|  |                |                            |   |               |  | Pounds                              | Value       |
| Cwt.                                   | Number         | Pounds                     | Pounds                                    | Pounds        | Value                                  | Pounds                              | Value       |
| \$1.80                                 | 5              | 19,909,332                 | 50,171,351                                | 70,080,683    | \$ 0                                   | 38,369,944                          | \$ 690,659  |
| \$1.75                                 | 32             | 168,710,407                | 327,041,704                               | 495,752,111   | 247,876                                | 132,665,312                         | 2,321,643   |
| \$1.70                                 | 39             | 149,878,511                | 779,271,355                               | 929,149,866   | 929,150                                | 122,589,347                         | 2,084,019   |
| \$1.65                                 | 6              | 28,774,250                 | 13,321,047                                | 42,095,297    | 63,143                                 | 19,967,603                          | 329,465     |
| Other                                  | 0              | 0                          | 150,131,764                               | 150,131,764   | (157,077)                              | 0                                   | 0           |
| Total                                  | 82             | 367,272,500                | 1,319,937,221                             | 1,687,209,721 | \$1,083,092                            | 313,592,206                         | \$5,425,786 |

## Computation of Producer Price Differential - April 2001

|   | Utilization<br>Percentage | Product<br>Pounds    | Component<br>Pounds | Rate            | Value                    |
|---|---------------------------|----------------------|---------------------|-----------------|--------------------------|
| <b>Class I</b>  |                           |                      |                     |                 |                          |
| Differential Value  |                           |                      |                     |                 | \$ 5,425,786.34          |
| Product   | 18.6%                     | 313,592,206          |                     |                 |                          |
| Skim Milk   |                           |                      | 308,638,593         | \$ 7.8600       | 24,258,993.43            |
| Butterfat   |                           |                      | 4,953,613           | 1.6722          | 8,283,431.65             |
| <b>Class II</b>   |                           |                      |                     |                 |                          |
| Product   | 2.9%                      | 48,945,718           |                     |                 |                          |
| Nonfat Solids   |                           |                      | 3,768,755           | 0.9511          | 3,584,462.91             |
| Butterfat   |                           |                      | 7,181,933           | 1.9553          | 14,042,833.61            |
| <b>Class III</b>  |                           |                      |                     |                 |                          |
| Product   | 77.5%                     | 1,307,993,598        |                     |                 |                          |
| Protein   |                           |                      | 39,306,702          | 1.5443          | 60,701,339.92            |
| Other Solids  |                           |                      | 74,984,603          | 0.1081          | 8,105,835.61             |
| Butterfat   |                           |                      | 45,558,455          | 1.9483          | 88,761,537.91            |
| <b>Class IV</b>   |                           |                      |                     |                 |                          |
| Product   | 1.0%                      | 16,678,199           |                     |                 |                          |
| Nonfat Solids   |                           |                      | 1,028,952           | 0.8745          | 899,818.55               |
| Butterfat   |                           |                      | 5,288,435           | 1.9483          | 10,303,457.91            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                      |                     |                 | 134,988.93               |
| <b>Total Producer Milk *</b>                                      |                           | <b>1,687,209,721</b> |                     |                 | <b>\$ 224,502,486.77</b> |
| Add:  |                           |                      |                     |                 |                          |
| Overage   |                           |                      |                     |                 | 19,738.41                |
| Inventory Reclassified  |                           |                      |                     |                 | 55,242.92                |
| Other Source Milk \$.60(h)  |                           |                      |                     |                 | 0.00                     |
| Other Source Milk \$.60(i)  |                           |                      |                     |                 | 0.00                     |
| Subtract:   |                           |                      |                     |                 |                          |
| Transportation Credit   |                           |                      |                     |                 | 164,625.31               |
| Assembly Credit   |                           |                      |                     |                 | 249,191.24               |
| Credit for Reconstituted FMP                                      |                           |                      |                     |                 | 0.00                     |
| Producer Milk Protein   |                           |                      |                     |                 | 78,024,454.13            |
| Producer Milk Other Solids  |                           |                      |                     |                 | 10,428,387.64            |
| Producer Milk Butterfat   |                           |                      |                     |                 | 122,708,680.09           |
| Producer Milk SCC Adjustment                                      |                           |                      |                     |                 | 199,218.48               |
| <b>Total Milk and Value</b>                                       |                           | <b>1,687,209,721</b> |                     |                 | <b>\$ 12,802,911.21</b>  |
| Add:  |                           |                      |                     |                 |                          |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                      |                     |                 | 1,083,091.85             |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                      |                     |                 | 812,112.19               |
| <b>Total Value</b>  |                           |                      |                     | <b>0.871149</b> | <b>\$ 14,698,115.25</b>  |
| Subtract:   |                           |                      |                     |                 |                          |
| Producer Settlement Fund Reserve                                  |                           |                      |                     | 0.041149        | 694,274.57               |
| <b>Producer Price Differential</b> (Dollars Per Cwt.--Base Zone)  |                           |                      |                     | <b>\$0.83</b>   | <b>\$14,003,840.68</b>   |

\* An estimated 44 million pounds of milk was not pooled.



## Utilization and Classification

|   | April 2001           |                   | March 2001           | April 2000           |
|---|----------------------|-------------------|----------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |                      |
| Packaged Disposition                      |                      |                   |                      |                      |
| Milk                                      | 50,028,805           | 1,630,426         | 56,327,944           | 50,636,073           |
| Flavored Milk                             | 5,022,778            | 156,572           | 7,630,594            | 7,384,617            |
| Reduced Fat Milk                          | 124,301,331          | 2,452,857         | 139,067,810          | 127,924,548          |
| Lowfat Milk                               | 42,811,223           | 427,476           | 46,314,177           | 42,284,073           |
| Fat Free Milk                             | 79,655,216           | 88,905            | 87,634,931           | 81,645,112           |
| Flavored Reduced and Fat Free Milk        | 22,308,814           | 197,547           | 24,901,593           | 20,233,261           |
| Buttermilk                                | 2,501,620            | 26,046            | 2,774,864            | 2,285,857            |
| Total Packaged Disposition                | 326,629,787          | 4,979,829         | 364,651,913          | 332,393,541          |
| Total Ending Inventory                    | 26,035,938           | 404,254           | 28,589,756           | 28,846,225           |
| Bulk to Nonpool Plants                    | 1,551,247            | 35,979            | 585,229              | 1,343,195            |
| Shrinkage                                 | 2,718,907            | 111,359           | 1,742,556            | 1,407,366            |
| Total Class I Utilization                 | 356,935,879          | 5,531,421         | 395,569,454          | 363,990,327          |
| Other Order Plants                        | (13,828,019)         | (131,710)         | (18,583,639)         | (3,166,930)          |
| Beginning Inventory                       | (28,746,428)         | (432,474)         | (29,952,439)         | (34,733,027)         |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | (438,934)            | (9,288)           | 0                    | (273,172)            |
| Overage                                   | --                   | --                | 0                    | 0                    |
| Interhandler Adjustment                   | (330,292)            | (4,336)           | (128,361)            | (226,442)            |
| <b>Class I Producer Milk</b>              | <b>313,592,206</b>   | <b>4,953,613</b>  | <b>346,905,015</b>   | <b>325,590,756</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |                      |
| Total Class II Utilization                | 68,522,266           | 8,637,373         | 70,127,722           | 89,815,791           |
| Other Order Plants                        | (5,595,204)          | (330,329)         | (8,471,638)          | --                   |
| Beginning Inventory                       | (3,121,667)          | (138,749)         | (3,656,725)          | (272,243)            |
| Reused Products                           | (9,345,251)          | (4,045)           | (8,635,252)          | (8,663,897)          |
| Other Source Milk                         | (1,514,426)          | (982,317)         | (1,171,551)          | (959,782)            |
| Overage                                   | --                   | --                | 0                    | 0                    |
| <b>Class II Producer Milk</b>             | <b>48,945,718</b>    | <b>7,181,933</b>  | <b>48,192,556</b>    | <b>79,919,869</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |                      |
| Total Class III Utilization               | 1,336,003,359        | 46,487,063        | 1,350,230,806        | 1,656,214,160        |
| Other Order Plants                        | (20,427,673)         | (680,298)         | (21,896,560)         | (7,732,604)          |
| Beginning Inventory                       | (1,751,810)          | (102,931)         | (4,657,617)          | (5,439,789)          |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | (5,794,148)          | (137,577)         | (3,273,190)          | (9,217,913)          |
| Overage                                   | (36,130)             | (7,802)           | (105,732)            | (42,569)             |
| <b>Class III Producer Milk</b>            | <b>1,307,993,598</b> | <b>45,558,455</b> | <b>1,320,297,707</b> | <b>1,633,781,285</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |                      |
| Total Class IV Utilization                | 39,549,920           | 6,948,489         | 30,436,945           | 52,255,781           |
| Other Order Plants                        | (10,788,257)         | (705,831)         | (6,846,484)          | (2,972,037)          |
| Beginning Inventory                       | (7,238,090)          | (537,009)         | (7,962,041)          | (9,734,466)          |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | (4,827,123)          | (416,758)         | (5,326,703)          | (9,726,631)          |
| Overage                                   | (18,251)             | (456)             | (17,980)             | (337,864)            |
| <b>Class IV Producer Milk</b>             | <b>16,678,199</b>    | <b>5,288,435</b>  | <b>10,283,737</b>    | <b>29,484,783</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>1,687,209,721</b> | <b>62,982,436</b> | <b>1,725,679,015</b> | <b>2,068,776,693</b> |

-- Restricted Information

# Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |         |         |        |        |          | Weighted Two-Week Average NASS Prices * |         |         |        |        |          |
|------------|--|---------|---------|--------|--------|----------|---|---------|---------|--------|--------|----------|
|            | Cheddar Cheese                         |         |         | Butter | NFDM   | Dry Whey | Cheddar Cheese                          |         |         | Butter | NFDM   | Dry Whey |
|            | Blocks                                 | Barrels | Average |        |        |          | Blocks                                  | Barrels | Average |        |        |          |
|            | <i>Dollars per Pound</i>               |         |         |        |        |          | <i>Dollars per Pound</i>                |         |         |        |        |          |
| Apr 2000   | 1.0979                                 | 1.0733  | 1.1011  | 1.0449 | 1.0078 | 0.1765   | 1.0985                                  | 1.0770  | 1.1035  | 1.0618 | 1.0096 | 0.1774   |
| May        | 1.0892                                 | 1.0793  | 1.1022  | 1.1680 | 1.0071 | 0.1760   | 1.0911                                  | 1.0768  | 1.1011  | 1.1140 | 1.0100 | 0.1755   |
| Jun        | 1.0996                                 | 1.0929  | 1.1137  | 1.2725 | 1.0097 | 0.1794   | 1.0914                                  | 1.0851  | 1.1060  | 1.2911 | 1.0106 | 0.1794   |
| Jul        | 1.1992                                 | 1.2041  | 1.2189  | 1.1547 | 1.0102 | 0.1909   | 1.2013                                  | 1.2175  | 1.2269  | 1.1729 | 1.0093 | 0.1893   |
| Aug        | 1.1979                                 | 1.1104  | 1.1660  | 1.1520 | 1.0108 | 0.1929   | 1.2029                                  | 1.1406  | 1.1847  | 1.1465 | 1.0091 | 0.1940   |
| Sep        | 1.2653                                 | 1.1719  | 1.2315  | 1.1560 | 1.0166 | 0.1856   | 1.2720                                  | 1.1797  | 1.2380  | 1.1444 | 1.0168 | 0.1856   |
| Oct        | 1.1940                                 | 1.1032  | 1.1602  | 1.1344 | 1.0127 | 0.1826   | 1.2293                                  | 1.1486  | 1.2012  | 1.1337 | 1.0143 | 0.1820   |
| Nov        | 1.0284                                 | 0.9906  | 1.0245  | 1.4051 | 1.0159 | 0.1917   | 1.0343                                  | 0.9874  | 1.0259  | 1.2032 | 1.0157 | 0.1881   |
| Dec        | 1.0835                                 | 1.0645  | 1.0898  | 1.4698 | 1.0158 | 0.2172   | 1.0824                                  | 1.0702  | 1.0930  | 1.6110 | 1.0159 | 0.2194   |
| Jan 2001   | 1.0991                                 | 1.1017  | 1.1180  | 1.1725 | 1.0165 | 0.2484   | 1.1171                                  | 1.1147  | 1.1340  | 1.1279 | 1.0172 | 0.2446   |
| Feb        | 1.1077                                 | 1.1436  | 1.1467  | 1.3143 | 1.0137 | 0.2561   | 1.0935                                  | 1.1431  | 1.1402  | 1.3026 | 1.0135 | 0.2603   |
| Mar        | 1.2434                                 | 1.2658  | 1.2737  | 1.4942 | 1.0127 | 0.2406   | 1.2446                                  | 1.2725  | 1.2769  | 1.4862 | 1.0132 | 0.2406   |
| Apr        | 1.3359                                 | 1.3173  | 1.3423  | 1.7126 | 1.0145 | 0.2446   | 1.3305                                  | 1.3041  | 1.3326  | 1.6637 | 1.0154 | 0.2434   |

| Month/Year | Chicago Mercantile Exchange |                |         |         |         |          |         |  |
|------------|-----------------------------|----------------|---------|---------|---------|----------|---------|--|
|            | Butter                      | Cheddar Cheese |         | NFDM    |         | Dry Whey |         |  |
|            | Grade AA                    | Blocks         | Barrels | Central | Western | Central  | Western |  |
|            | <i>Dollars per Pound</i>    |                |         |         |         |          |         |  |
| Apr 2000   | 1.0691                      | 1.1032         | 1.0822  | 1.0000  | 1.0006  | 0.1725   | 0.1763  |  |
| May        | 1.2450                      | 1.0950         | 1.0860  | 1.0008  | 1.0022  | 0.1755   | 0.1758  |  |
| Jun        | 1.2440                      | 1.2050         | 1.1901  | 1.0122  | 1.0048  | 0.1868   | 0.1784  |  |
| Jul        | 1.1790                      | 1.2345         | 1.1916  | 1.0225  | 1.0060  | 0.1970   | 0.1855  |  |
| Aug        | 1.1933                      | 1.2460         | 1.1049  | 1.0227  | 1.0104  | 0.1804   | 0.1873  |  |
| Sep        | 1.1727                      | 1.2953         | 1.2360  | 1.0244  | 1.0100  | 0.1753   | 0.1853  |  |
| Oct        | 1.1462                      | 1.0463         | 1.0052  | 1.0233  | 1.0063  | 0.1817   | 0.1819  |  |
| Nov        | 1.6490                      | 1.0588         | 1.0306  | 1.0308  | 1.0094  | 0.2109   | 0.1913  |  |
| Dec        | 1.3700                      | 1.1233         | 1.1095  | 1.0429  | 1.0111  | 0.2528   | 0.2111  |  |
| Jan 2001   | 1.2531                      | 1.0912         | 1.0860  | 1.0364  | 1.0127  | 0.2719   | 0.2383  |  |
| Feb        | 1.3852                      | 1.2184         | 1.2232  | 1.0316  | 1.0103  | 0.2514   | 0.2370  |  |
| Mar        | 1.5708                      | 1.3161         | 1.2770  | 1.0313  | 1.0117  | 0.2389   | 0.2362  |  |
| Apr        | 1.8217                      | 1.4180         | 1.3885  | 1.0426  | 1.0125  | 0.2502   | 0.2413  |  |

## Market Statistics

| Month/Year | Distributing Plants | Supply Plants | Coop .9(c) Handlers | Producers | Total Producer Milk | Estimated Average Daily Delivery | Class I Utilization | Butterfat Test | Protein Test   | Other Solids Test | Weighted Average SCC |
|------------|---------------------|---------------|---------------------|-----------|---------------------|----------------------------------|---------------------|----------------|----------------|-------------------|----------------------|
|            |                     |               |                     |           | <i>Mil. lbs.</i>    | <i>Pounds</i>                    | <i>Percent</i>      | <i>Percent</i> | <i>Percent</i> | <i>Percent</i>    | <i>(000)</i>         |
| Apr 2000   | 29                  | 75            | 11                  | 20,499    | 2,069               | 3,415                            | 15.7                | 3.76           | 3.00           | 5.72              | 321                  |
| May        | 29                  | 73            | 11                  | 20,091    | 2,085               | 3,402                            | 16.8                | 3.67           | 2.96           | 5.74              | 327                  |
| Jun        | 29                  | 72            | 10                  | 18,854    | 1,933               | 3,370                            | 16.9                | 3.64           | 2.95           | 5.74              | 349                  |
| Jul        | 26                  | 69            | 10                  | 18,195    | 1,917               | 3,364                            | 16.4                | 3.59           | 2.91           | 5.72              | 371                  |
| Aug        | 27                  | 70            | 10                  | 18,083    | 1,852               | 3,382                            | 18.6                | 3.59           | 2.93           | 5.70              | 377                  |
| Sep        | 25                  | 67            | 10                  | 17,362    | 1,708               | 3,357                            | 20.2                | 3.68           | 3.02           | 5.69              | 360                  |
| Oct        | 25                  | 65            | 10                  | 16,870    | 1,638               | 3,352                            | 20.9                | 3.78           | 3.07           | 5.68              | 324                  |
| Nov        | 26                  | 61            | 12                  | 16,223    | 1,594               | 3,397                            | 21.7                | 3.83           | 3.09           | 5.69              | 314                  |
| Dec        | 27                  | 60            | 11                  | 15,978    | 1,657               | 3,416                            | 20.4                | 3.85           | 3.10           | 5.66              | 317                  |
| Jan 2001   | 26                  | 58            | 11                  | 16,027    | 1,729               | 3,563                            | 19.9                | 3.81           | 3.05           | 5.67              | 338                  |
| Feb        | 28                  | 57            | 11                  | 15,843    | 1,579               | 3,637                            | 19.7                | 3.79           | 3.05           | 5.70              | 332                  |
| Mar        | 27                  | 57            | 11                  | 15,331    | 1,726               | 3,710                            | 20.1                | 3.77           | 3.03           | 5.69              | 335                  |
| Apr        | 26                  | 56            | 11                  | 14,635    | 1,687               | 3,943                            | 18.6                | 3.73           | 2.99           | 5.72              | 332                  |

\* NASS = National Agricultural Statistics Service, USDA.

# Class Prices

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |               |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Apr 2000   | 0.9989              | 7.70        | 10.93       | 1.0169                           | 9.50        | 12.73       | 1.1422         | 0.9333        | 8.40        | 12.10       |
| May        | 1.1559              | 7.70        | 11.48       | 1.1739                           | 9.50        | 13.28       | 1.2924         | 0.9333        | 8.40        | 12.63       |
| Jun        | 1.2195              | 7.70        | 11.70       | 1.2375                           | 9.50        | 13.50       | 1.4198         | 0.9333        | 8.40        | 13.08       |
| Jul        | 1.4355              | 7.71        | 12.46       | 1.4535                           | 9.51        | 14.26       | 1.2761         | 0.9344        | 8.41        | 12.58       |
| Aug        | 1.2913              | 7.70        | 11.95       | 1.3093                           | 9.50        | 13.75       | 1.2729         | 0.9333        | 8.40        | 12.56       |
| Sep        | 1.2591              | 7.70        | 11.84       | 1.2771                           | 9.50        | 13.64       | 1.2777         | 0.9333        | 8.40        | 12.58       |
| Oct        | 1.2566              | 7.76        | 11.89       | 1.2746                           | 9.56        | 13.69       | 1.2514         | 0.9400        | 8.46        | 12.54       |
| Nov        | 1.2435              | 7.74        | 11.82       | 1.2615                           | 9.54        | 13.62       | 1.5815         | 0.9378        | 8.44        | 13.68       |
| Dec        | 1.3283              | 7.75        | 12.13       | 1.3463                           | 9.55        | 13.93       | 1.6604         | 0.9389        | 8.45        | 13.97       |
| Jan 2001   | 1.8244              | 7.88        | 13.99       | 1.8424                           | 9.68        | 15.79       | 1.2966         | 0.9533        | 8.58        | 12.82       |
| Feb        | 1.2352              | 7.89        | 11.94       | 1.2532                           | 9.69        | 13.74       | 1.4696         | 0.9544        | 8.59        | 13.43       |
| Mar        | 1.4483              | 7.86        | 12.65       | 1.4663                           | 9.66        | 14.45       | 1.6890         | 0.9511        | 8.56        | 14.17       |
| Apr        | 1.6722              | 7.86        | 13.44       | 1.6902                           | 9.66        | 15.24       | 1.9553         | 0.9511        | 8.56        | 15.10       |
| May        | 1.8887              | 7.88        | 14.21       | 1.9067                           | 9.68        | 16.01       |                | 0.9533        | 8.58        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Apr 2000   | 1.1352          | 1.7399     | 0.0408       | 5.63        | 9.41        | 1.1352         | 0.8537        | 7.68        | 11.38       |
| May        | 1.2854          | 1.5514     | 0.0403       | 5.05        | 9.37        | 1.2854         | 0.8530        | 7.68        | 11.91       |
| Jun        | 1.4128          | 1.4278     | 0.0438       | 4.68        | 9.46        | 1.4128         | 0.8556        | 7.70        | 12.38       |
| Jul        | 1.2691          | 1.9726     | 0.0557       | 6.44        | 10.66       | 1.2691         | 0.8561        | 7.70        | 11.87       |
| Aug        | 1.2659          | 1.7952     | 0.0577       | 5.91        | 10.13       | 1.2659         | 0.8567        | 7.71        | 11.87       |
| Sep        | 1.2707          | 2.0137     | 0.0502       | 6.54        | 10.76       | 1.2707         | 0.8624        | 7.76        | 11.94       |
| Oct        | 1.2444          | 1.8028     | 0.0471       | 5.87        | 10.02       | 1.2444         | 0.8585        | 7.73        | 11.81       |
| Nov        | 1.5745          | 0.9149     | 0.0565       | 3.17        | 8.57        | 1.5745         | 0.8617        | 7.76        | 13.00       |
| Dec        | 1.6534          | 1.0378     | 0.0829       | 3.71        | 9.37        | 1.6534         | 0.8616        | 7.75        | 13.27       |
| Jan 2001   | 1.2896          | 1.6181     | 0.1120       | 5.68        | 9.99        | 1.2896         | 0.8765        | 7.89        | 12.13       |
| Feb        | 1.4626          | 1.4951     | 0.1199       | 5.34        | 10.27       | 1.4626         | 0.8737        | 7.86        | 12.70       |
| Mar        | 1.6820          | 1.6498     | 0.1039       | 5.73        | 11.42       | 1.6820         | 0.8727        | 7.85        | 13.46       |
| Apr        | 1.9483          | 1.5443     | 0.1081       | 5.43        | 12.06       | 1.9483         | 0.8745        | 7.87        | 14.41       |

# Producer Prices

| Month/Year | Producer Price     | Statistical Uniform Price | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price |
|------------|--------------------|---------------------------|-----------------|---------------|--------------------|---------------------|------------------------|
|            | Differential       | (at 3.50%)                |                 |               |                    |                     | (at test)              |
|            | <i>\$ per cwt.</i> | <i>\$ per cwt.</i>        |                 |               |                    |                     | <i>\$ per cwt.</i>     |
| Jan 2000   | 0.43               | 10.48                     | 0.9366          | 2.1677        | 0.0503             | 0.00058             | 11.41                  |
| Feb        | 0.56               | 10.10                     | 0.9588          | 1.9849        | 0.0432             | 0.00055             | 11.04                  |
| Mar        | 0.64               | 10.18                     | 1.0191          | 1.9166        | 0.0424             | 0.00055             | 11.04                  |
| Apr        | 0.74               | 10.15                     | 1.1352          | 1.7399        | 0.0408             | 0.00055             | 11.12                  |
| May        | 0.90               | 10.27                     | 1.2854          | 1.5514        | 0.0403             | 0.00055             | 11.10                  |
| Jun        | 0.97               | 10.43                     | 1.4128          | 1.4278        | 0.0438             | 0.00056             | 11.35                  |
| Jul        | 0.70               | 11.36                     | 1.2691          | 1.9726        | 0.0557             | 0.00061             | 11.97                  |
| Aug        | 0.84               | 10.97                     | 1.2659          | 1.7952        | 0.0577             | 0.00058             | 11.76                  |
| Sep        | 0.70               | 11.46                     | 1.2707          | 2.0137        | 0.0502             | 0.00062             | 12.43                  |
| Oct        | 0.86               | 10.88                     | 1.2444          | 1.8028        | 0.0471             | 0.00058             | 12.00                  |
| Nov        | 1.43               | 10.00                     | 1.5745          | 0.9149        | 0.0565             | 0.00051             | 11.56                  |
| Dec        | 1.23               | 10.60                     | 1.6534          | 1.0378        | 0.0829             | 0.00054             | 12.27                  |
| Jan 2001   | 1.03               | 11.02                     | 1.2896          | 1.6181        | 0.1120             | 0.00056             |                        |
| Feb        | 0.88               | 11.15                     | 1.4626          | 1.4951        | 0.1199             | 0.00057             |                        |
| Mar        | 0.78               | 12.20                     | 1.6820          | 1.6498        | 0.1039             | 0.00064             |                        |
| Apr        | 0.83               | 12.89                     | 1.9483          | 1.5443        | 0.1081             | 0.00067             |                        |

# Summary of Federal Order Data - April 2001

| Federal Order<br>Number / Name | Producer<br>Deliveries | Class I<br>Producer<br>Receipts | Class I<br>Utilization | Class I<br>Price        | Producer<br>Price<br>Differential | Uniform or Statistical<br>Uniform Price |                                 |
|--------------------------------|------------------------|---------------------------------|------------------------|-------------------------|-----------------------------------|---|---------------------------------|
|                                |                        |                                 |                        |                         |                                   | Price at<br>3.50%                       | Change From<br>Previous<br>Year |
|                                | <i>Thousand Pounds</i> | <i>Thousand Pounds</i>          | <i>Percent</i>         | <i>Dollars per Cwt.</i> | <i>Dollars per Cwt.</i>           | <i>Dollars per Cwt.</i>                 | <i>Dollars per Cwt.</i>         |
| 1 Northeast                    | 2,048,909              | 843,405                         | 41.2                   | \$ 16.69                | \$ 3.18                           | \$ 15.24                                | \$ 2.78                         |
| 5 Appalachian                  | 618,242                | 341,146                         | 55.2                   | 16.54                   | n/a                               | 15.84                                   | 2.61                            |
| 6 Florida                      | 240,955                | 211,136                         | 87.6                   | 17.44                   | n/a                               | 17.34                                   | 2.79                            |
| 7 Southeast                    | 703,743                | 392,231                         | 55.7                   | 16.54                   | n/a                               | 15.57                                   | 2.69                            |
| 30 Upper Midwest               | 1,687,210              | 313,592                         | 18.6                   | 15.24                   | 0.83                              | 12.89                                   | 2.74                            |
| 32 Central                     | 1,516,724              | 384,300                         | 25.3                   | 15.44                   | 1.36                              | 13.42                                   | 2.58                            |
| 33 Mideast                     | 1,306,015              | 524,284                         | 40.1                   | 15.44                   | 1.88                              | 13.94                                   | 2.17                            |
| 124 Pacific Northwest          | 524,560                | 169,782                         | 32.4                   | 15.34                   | 1.99                              | 14.05                                   | 2.74                            |
| 126 Southwest                  | 681,006                | 322,667                         | 47.4                   | 16.44                   | 2.85                              | 14.91                                   | 2.86                            |
| 131 Arizona-Las Vegas          | 266,655                | 77,468                          | 29.1                   | 15.79                   | n/a                               | 14.07                                   | 2.63                            |
| 135 Western                    | 339,073                | 81,295                          | 24.0                   | 15.34                   | 1.35                              | 13.41                                   | 2.65                            |
| All Market Average or Total *  | 9,933,092              | 3,661,306                       | 36.9                   |                         |                                   |   |                                 |

n/a = Not applicable. \* May not add due to rounding.

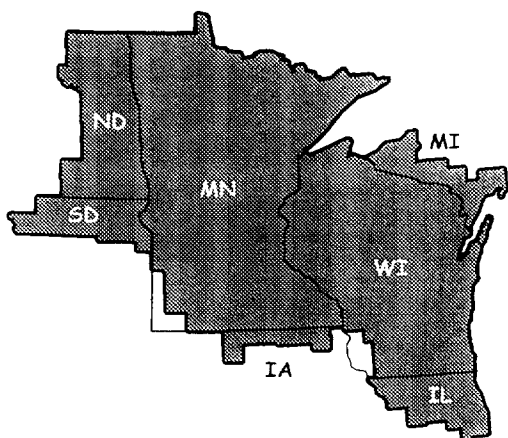
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*Upper Midwest Marketing Area  
 F.O. 30*



# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

Volume 2, Issue 4

Upper Midwest Marketing Area, Federal Order No. 30

April 2001

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## Release of Publications

The following two publications pertaining to the dairy industry were recently released.

*Milk Pricing in the United States* (AIB-761), released in February 2001 by the Economic Research Service (ERS) of the U.S. Department of Agriculture.

The report provides a primer on the complex pricing system that has evolved in the United States to deal with

milk production and its assembly and distribution.

A copy of the report can be obtained on the ERS web site at: [www.ers.usda.gov](http://www.ers.usda.gov). Enter keywords "Dairy" or "Milk Pricing" to search for the report. In addition, the publication can be ordered by calling 1-800-999-6779.

*Study of Producer Deliveries on the Chicago Regional and Upper Midwest Orders* (Staff Paper 01-01) was released in

March 2001 by the Minneapolis Market Administrator.

The paper examines producer milk deliveries on the Chicago Regional and Upper Midwest Orders using ten years of combined records for May from both orders.

The staff paper can be obtained on our web site at: [www.fmmampls.com](http://www.fmmampls.com), or by requesting a copy from the author, Rodney M. Sebastian at (952) 277-2357.



## Sales of Fluid Milk Products

Sales of fluid milk products in the Upper Midwest Order in 2000 are shown graphically on Page 2, as are sales in all other Federal orders and in California.

### Upper Midwest Order

During 2000, there were 4.4 billion pounds of fluid milk products sold in the market-

ing area from all sources. On a monthly basis, sales averaged 366 million pounds during the year, ranging from 340 million in June and July to 384 million in December.

Sales of reduced fat milk (2%) accounted for the largest share of the market at 45%, followed by fat free (skim), whole, and lowfat (1%).

### All Orders & California

Packaged sales of fluid milk products in all marketing areas and California totaled 51.6 billion pounds for the year.

Sales in each of the areas and the percentage they represented are shown in the graph. The largest sales occurred in F.O. 1, the Northeast Order.

## Pool Summary

- In March, 15,331 producers delivered to the market with an average daily delivery of 3,710 pounds.
- Producer milk totaled 1.73 billion pounds, down 1.3% on a daily basis from February.
- Class I utilization totaled 347

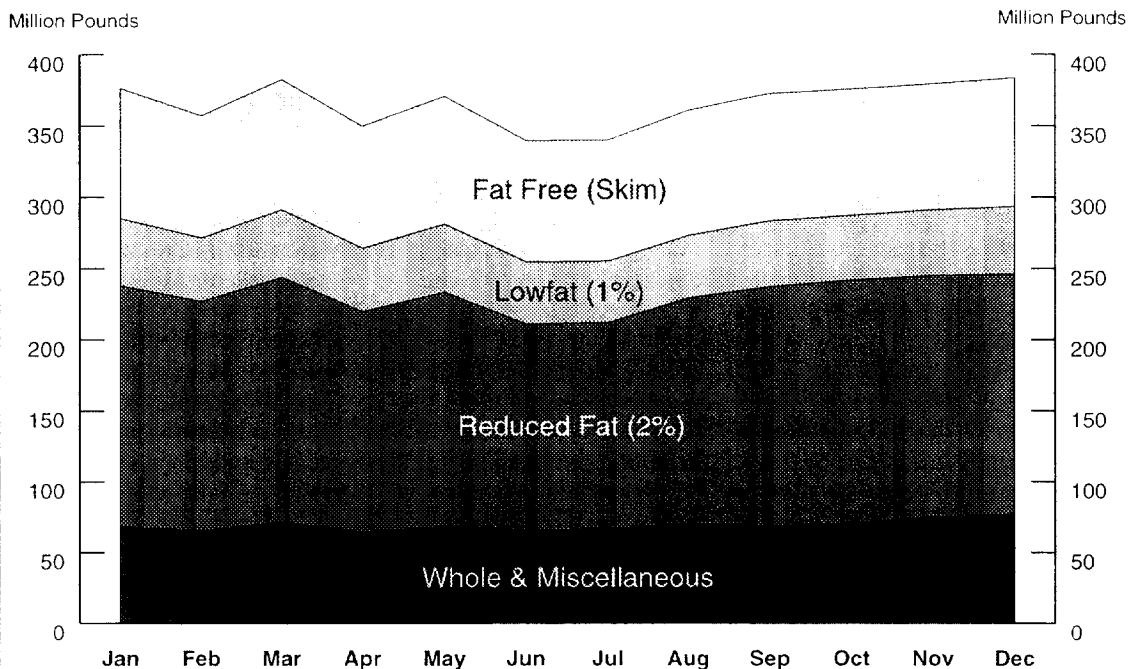
million pounds, up fractionally on a daily basis from February.

- Class I usage accounted for 20.1% of producer milk.
- The March Producer Price Differential is \$0.78 per cwt.
- The Statistical Uniform Price is \$12.20 per cwt., up \$1.05 from February and \$2.02 above March 2000.
- Market statistics for March are shown on Pages 4 and 5.

## March 2001 Producer Milk by Class

|           | Percent | Pounds        | Price<br>\$/cwt. |
|-----------|---------|---------------|------------------|
| Class I   | 20.1    | 346,905,015   | 14.45            |
| Class II  | 2.8     | 48,192,556    | 14.17            |
| Class III | 76.5    | 1,320,297,707 | 11.42            |
| Class IV  | 0.6     | 10,283,737    | 13.46            |
| Total     |         | 1,725,679,015 |                  |

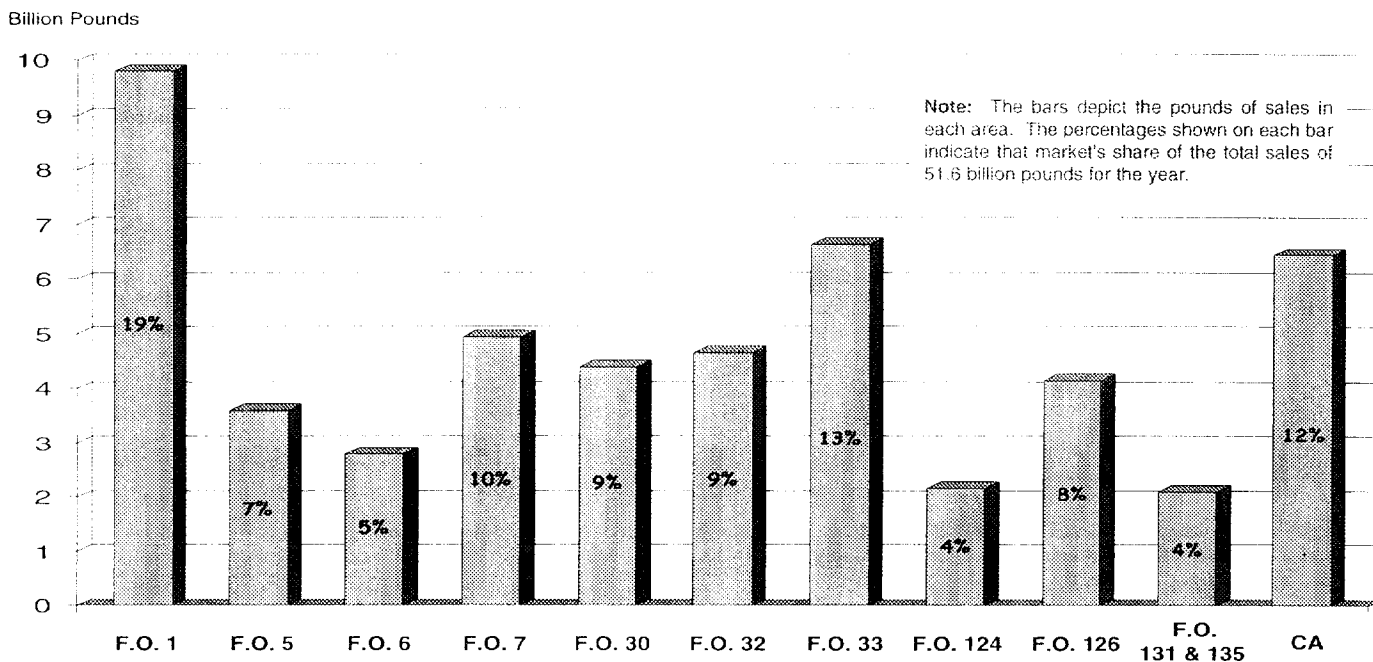
### Packaged Sales of Fluid Milk Products in the Upper Midwest Marketing Area from all Sources -- 2000



2000 Monthly Average

| Product      | Million Pounds | % of Total |
|--------------|----------------|------------|
| Whole        | 64             | 17         |
| 2%           | 163            | 45         |
| 1%           | 46             | 13         |
| Skim         | 88             | 24         |
| Misc.        | 5              | 1          |
| <b>Total</b> | <b>366</b>     |            |

### Packaged Sales of Fluid Milk Products in Federal Milk Order Marketing Areas and California -- 2000 \*



\* Source: Dairy Market News, AMS, USDA, Volume 68, Report 10. Fluid milk products include: plain and flavored whole milk, plain, solids added and flavored fat-reduced milk products (2%, 1% and skim), buttermilk, eggnog and other miscellaneous fluid milk products. The Federal orders are identified in the table on Page 8.



# Calculation of Minimum Producer Payment

Multiple component pricing (MCP) was first adopted into the Federal order system in 1988 when the Great Basin Order was amended to include a plan for pricing milk on the basis of protein and butterfat.

In the Upper Midwest region, MCP was implemented in 1996 when the former Chicago Regional (F.O. 30) and Upper Midwest (F.O. 68) Orders were amended to include a plan for pricing milk on the basis of protein, butterfat and other solids.

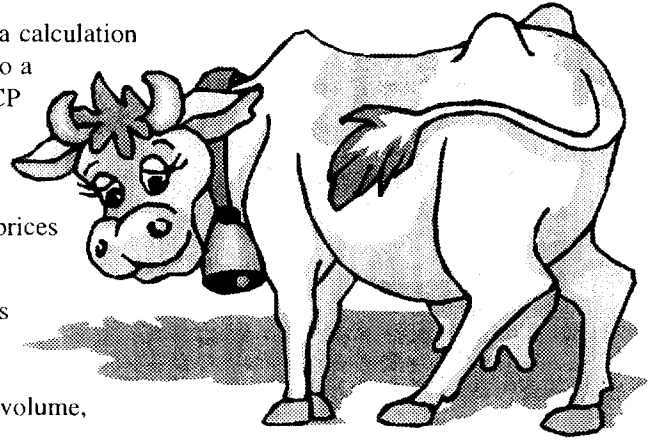
That same minimum price plan for payments to producers was included in the

consolidated Upper Midwest Order when it was implemented in January 2000.

Below is an example of a calculation of a minimum payment to a producer under the MCP plan in the Upper Midwest Order. The example is based on Upper Midwest Order prices for March 2001.

However, handlers in this area usually pay above minimum order prices by including premiums for volume,

quality, etc. Therefore, actual producer pay prices will usually differ from Federal order minimum prices.



**Sample  
Producer Data**

75,000 Pounds  
 Butterfat = 3.50%  
 Protein = 3.08%  
 Other Solids = 5.43%  
 SCC = 100,000

**Sample Calculation of Minimum Producer Payment  
March 2001**

|   | <u>Price</u> |           | <u>Pounds</u> | <u>Value</u>   |
|---|--------------|-----------|---------------|----------------|
| Producer Price Differential                         | \$0.78       | Per Cwt.  | 75,000        | \$ 585         |
| Butterfat   | 1.6820       | Per Pound | 2,625         | 4,415          |
| Protein   | 1.6498       | Per Pound | 2,310         | 3,811          |
| Other Solids  | 0.1039       | Per Pound | 4,073         | 423            |
| Somatic Cells *                                     | 0.16         | Per Cwt.  | 75,000        | 120            |
| <b>Total Federal Order Minimum Producer Payment</b> |              |           |               | <b>\$9,354</b> |

\* Somatic cell rate is calculated by subtracting the cell count (in thousands) from 350, and multiplying the result by the somatic cell adjustment rate. For March 2001 in this example, that would be: [(350-100) x \$0.00064] or 250 x \$0.00064 = \$0.16.

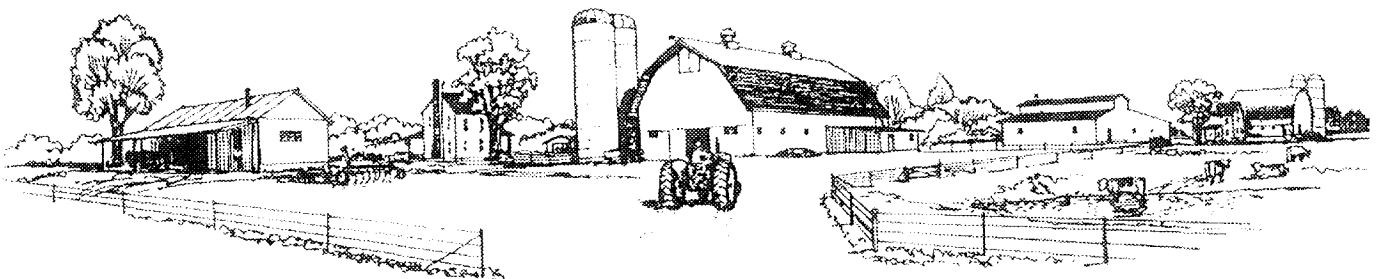
## Upper Midwest Pool Statistics - March 2001

| Market Class I<br>Differential<br>Rate | Pool<br>Plants<br><br>Number | Received at<br>Pool Plants<br><br>Pounds | Diverted to<br>Pool and<br>Nonpool Plants<br><br>Pounds | Total<br><br>Pounds  | Location<br>Adjustment to<br>Producers<br><br>Value | Class I Differential<br>to Handlers |                    |
|--|------------------------------|--|---|----------------------|---|-------------------------------------|--------------------|
|  |                              |  |   |                      |   | Pounds                              | Value              |
| \$1.80                                 | 5                            | 19,573,644                               | 52,342,523  | 71,916,167           | \$ 0  | 39,577,776                          | \$ 712,400         |
| \$1.75                                 | 34                           | 175,221,220                              | 350,764,313   | 525,985,533          | 262,993   | 149,980,823                         | 2,624,665          |
| \$1.70                                 | 39                           | 161,105,310                              | 807,715,427   | 968,820,737          | 968,821   | 135,182,603                         | 2,298,104          |
| \$1.65                                 | 6                            | 29,272,835                               | 16,800,210  | 46,073,045           | 69,109  | 22,163,813                          | 365,703            |
| Restricted                             | 0                            | 0  | 112,883,533   | 112,883,533          | (201,947)   | 0                                   | 0                  |
| <b>Total</b>                           | <b>84</b>                    | <b>385,173,009</b>                       | <b>1,340,506,006</b>                                    | <b>1,725,679,015</b> | <b>\$1,098,976</b>                                  | <b>346,905,015</b>                  | <b>\$6,000,872</b> |

## Computation of Producer Price Differential - March 2001

|   | Utilization<br>Percentage | Product<br>Pounds    | Component<br>Pounds | Rate            | Value                   |
|---|---------------------------|----------------------|---------------------|-----------------|-------------------------|
| <b>Class I</b>  |                           |                      |                     |                 | \$ 6,000,871.61         |
| Differential Value  |                           |                      |                     |                 |                         |
| Product   | 20.1%                     | 346,905,015          |                     |                 |                         |
| Skim Milk   |                           |                      | 341,382,694         | \$ 7.8600       | 26,832,679.73           |
| Butterfat   |                           |                      | 5,522,321           | 1.4483          | 7,997,977.49            |
| <b>Class II</b>   |                           |                      |                     |                 |                         |
| Product   | 2.8%                      | 48,192,556           |                     |                 |                         |
| Nonfat Solids   |                           |                      | 3,731,048           | 0.9511          | 3,548,599.74            |
| Butterfat   |                           |                      | 6,960,231           | 1.6890          | 11,755,830.16           |
| <b>Class III</b>  |                           |                      |                     |                 |                         |
| Product   | 76.5%                     | 1,320,297,707        |                     |                 |                         |
| Protein   |                           |                      | 40,105,535          | 1.6498          | 66,166,111.67           |
| Other Solids  |                           |                      | 75,206,915          | 0.1039          | 7,813,998.51            |
| Butterfat   |                           |                      | 47,698,914          | 1.6820          | 80,229,573.31           |
| <b>Class IV</b>   |                           |                      |                     |                 |                         |
| Product   | 0.6%                      | 10,283,737           |                     |                 |                         |
| Nonfat Solids   |                           |                      | 485,061             | 0.8727          | 423,312.76              |
| Butterfat   |                           |                      | 4,923,503           | 1.6820          | 8,281,332.02            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                      |                     |                 | 93,195.28               |
| <b>Total Producer Milk *</b>                                      |                           | <b>1,725,679,015</b> |                     |                 | <b>\$219,143,482.28</b> |
| Add:  |                           |                      |                     |                 |                         |
| Overage   |                           |                      |                     |                 | 22,689.46               |
| Inventory Reclassified  |                           |                      |                     |                 | 14,294.48               |
| Other Source Milk \$.60(h)  |                           |                      |                     |                 | 0.00                    |
| Other Source Milk \$.60(i)  |                           |                      |                     |                 | 0.00                    |
| Subtract:   |                           |                      |                     |                 |                         |
| Transportation Credit   |                           |                      |                     |                 | 205,331.90              |
| Assembly Credit   |                           |                      |                     |                 | 276,746.39              |
| Credit for Reconstituted FMP                                      |                           |                      |                     |                 | 0.00                    |
| Producer Milk Protein   |                           |                      |                     |                 | 86,280,945.11           |
| Producer Milk Other Solids  |                           |                      |                     |                 | 10,197,443.11           |
| Producer Milk Butterfat   |                           |                      |                     |                 | 109,506,557.88          |
| Producer Milk SCC Adjustment                                      |                           |                      |                     |                 | 170,290.95              |
| <b>Total Milk and Value</b>                                       |                           | <b>1,725,679,015</b> |                     |                 | <b>\$ 12,543,150.88</b> |
| Add:  |                           |                      |                     |                 |                         |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                      |                     |                 | 1,098,976.47            |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                      |                     |                 | 636,232.68              |
| <b>Total Value</b>  |                           |                      |                     | <b>0.827405</b> | <b>\$ 14,278,360.03</b> |
| Subtract:   |                           |                      |                     |                 |                         |
| Producer Settlement Fund Reserve                                  |                           |                      |                     | 0.047405        | 818,063.71              |
| <b>Producer Price Differential</b> (Dollars Per Cwt.--Base Zone)  |                           |                      |                     | <b>\$0.78</b>   | <b>\$13,460,296.32</b>  |

\* An estimated 38 million pounds of milk was not pooled.



## Utilization and Classification

|   | March 2001           |                   | February 2001        | March 2000           |
|---|----------------------|-------------------|----------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |                      |
| Packaged Disposition                      |                      |                   |                      |                      |
| Milk                                      | 56,327,944           | 1,829,924         | 51,023,210           | 54,839,394           |
| Flavored Milk                             | 7,630,594            | 183,912           | 6,410,945            | 7,811,805            |
| Reduced Fat Milk                          | 139,067,810          | 2,739,764         | 125,067,863          | 137,439,287          |
| Lowfat Milk                               | 46,314,177           | 460,743           | 41,361,235           | 45,314,024           |
| Fat Free Milk                             | 87,634,931           | 99,915            | 78,186,492           | 87,794,300           |
| Flavored Reduced and Fat Free Milk        | 24,901,593           | 230,733           | 21,907,044           | 24,525,792           |
| Buttermilk                                | 2,774,864            | 28,722            | 2,348,158            | 2,204,012            |
| Total Packaged Disposition                | 364,651,913          | 5,573,713         | 326,304,947          | 359,928,614          |
| Total Ending Inventory                    | 28,589,756           | 442,002           | 29,074,782           | 34,733,027           |
| Bulk to Nonpool Plants                    | 585,229              | 6,591             | 579,708              | 2,154,441            |
| Shrinkage                                 | 1,742,556            | 111,254           | 2,277,752            | 1,852,526            |
| Total Class I Utilization                 | 395,569,454          | 6,133,560         | 358,237,189          | 398,668,608          |
| Other Order Plants                        | (18,583,639)         | (153,151)         | (18,244,072)         | (3,936,971)          |
| Beginning Inventory                       | (29,952,439)         | (454,526)         | (28,038,746)         | (26,568,537)         |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | 0                    | 0                 | 0                    | (295,643)            |
| Overage                                   | 0                    | 0                 | 0                    | --                   |
| Interhandler Adjustment                   | (128,361)            | (3,562)           | (132,749)            | 75,260               |
| <b>Class I Producer Milk</b>              | <b>346,905,015</b>   | <b>5,522,321</b>  | <b>311,821,622</b>   | <b>367,942,717</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |                      |
| Total Class II Utilization                | 70,127,722           | 8,700,654         | 62,326,586           | 98,031,181           |
| Other Order Plants                        | (8,471,638)          | (544,108)         | (7,203,663)          | (1,940,837)          |
| Beginning Inventory                       | (3,656,725)          | (229,559)         | (3,944,077)          | (2,462,186)          |
| Reused Products                           | (8,635,252)          | (2,975)           | (7,684,632)          | (7,818,796)          |
| Other Source Milk                         | (1,171,551)          | (963,781)         | (1,211,110)          | (1,782,495)          |
| Overage                                   | 0                    | 0                 | (117,335)            | (348,742)            |
| <b>Class II Producer Milk</b>             | <b>48,192,556</b>    | <b>6,960,231</b>  | <b>42,165,769</b>    | <b>83,678,125</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |                      |
| Total Class III Utilization               | 1,350,230,806        | 48,706,357        | 1,237,883,343        | 1,820,261,498        |
| Other Order Plants                        | (21,896,560)         | (802,316)         | (18,130,501)         | (4,080,795)          |
| Beginning Inventory                       | (4,657,617)          | (91,358)          | (3,246,375)          | (8,763,182)          |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | (3,273,190)          | (111,843)         | (3,853,782)          | (10,350,915)         |
| Overage                                   | (105,732)            | (1,926)           | (295,152)            | (124,575)            |
| <b>Class III Producer Milk</b>            | <b>1,320,297,707</b> | <b>47,698,914</b> | <b>1,212,357,533</b> | <b>1,796,942,031</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |                      |
| Total Class IV Utilization                | 30,436,945           | 6,487,463         | 35,740,349           | 35,864,635           |
| Other Order Plants                        | (6,846,484)          | (551,668)         | (7,795,199)          | (1,230,067)          |
| Beginning Inventory                       | (7,962,041)          | (635,013)         | (10,983,874)         | (12,037,969)         |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | (5,326,703)          | (369,739)         | (4,375,967)          | (10,542,617)         |
| Overage                                   | (17,980)             | (7,540)           | (144,756)            | (27,480)             |
| <b>Class IV Producer Milk</b>             | <b>10,283,737</b>    | <b>4,923,503</b>  | <b>12,440,553</b>    | <b>12,026,502</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>1,725,679,015</b> | <b>65,104,969</b> | <b>1,578,785,477</b> | <b>2,260,589,375</b> |

-- Restricted Information

# Commodity Prices

## Weighted Monthly Average NASS Prices \*

## Weighted Two-Week Average NASS Prices \*

| Month/Year | Cheddar Cheese           |         |         |        |        |          | Cheddar Cheese |         |         |        |        |          |
|------------|--------------------------|---------|---------|--------|--------|----------|----------------|---------|---------|--------|--------|----------|
|            | Blocks                   | Barrels | Average | Butter | NFDM   | Dry Whey | Blocks         | Barrels | Average | Butter | NFDM   | Dry Whey |
|            | <i>Dollars per Pound</i> |         |         |        |        |          |                |         |         |        |        |          |
| Mar 2000   | 1.0993                   | 1.0854  | 1.1093  | 0.9497 | 1.0094 | 0.1780   | 1.0953         | 1.0841  | 1.1073  | 0.9331 | 1.0098 | 0.1771   |
| Apr        | 1.0979                   | 1.0733  | 1.1011  | 1.0449 | 1.0078 | 0.1765   | 1.0985         | 1.0770  | 1.1035  | 1.0618 | 1.0096 | 0.1774   |
| May        | 1.0892                   | 1.0793  | 1.1022  | 1.1680 | 1.0071 | 0.1760   | 1.0911         | 1.0768  | 1.1011  | 1.1140 | 1.0100 | 0.1755   |
| Jun        | 1.0996                   | 1.0929  | 1.1137  | 1.2725 | 1.0097 | 0.1794   | 1.0914         | 1.0851  | 1.1060  | 1.2911 | 1.0106 | 0.1794   |
| Jul        | 1.1992                   | 1.2041  | 1.2189  | 1.1547 | 1.0102 | 0.1909   | 1.2013         | 1.2175  | 1.2269  | 1.1729 | 1.0093 | 0.1893   |
| Aug        | 1.1979                   | 1.1104  | 1.1660  | 1.1520 | 1.0108 | 0.1929   | 1.2029         | 1.1406  | 1.1847  | 1.1465 | 1.0091 | 0.1940   |
| Sep        | 1.2653                   | 1.1719  | 1.2315  | 1.1560 | 1.0166 | 0.1856   | 1.2720         | 1.1797  | 1.2380  | 1.1444 | 1.0168 | 0.1856   |
| Oct        | 1.1940                   | 1.1032  | 1.1602  | 1.1344 | 1.0127 | 0.1826   | 1.2293         | 1.1486  | 1.2012  | 1.1337 | 1.0143 | 0.1820   |
| Nov        | 1.0284                   | 0.9906  | 1.0245  | 1.4051 | 1.0159 | 0.1917   | 1.0343         | 0.9874  | 1.0259  | 1.2032 | 1.0157 | 0.1881   |
| Dec        | 1.0835                   | 1.0645  | 1.0898  | 1.4698 | 1.0158 | 0.2172   | 1.0824         | 1.0702  | 1.0930  | 1.6110 | 1.0159 | 0.2194   |
| Jan 2001   | 1.0991                   | 1.1017  | 1.1180  | 1.1725 | 1.0165 | 0.2484   | 1.1171         | 1.1147  | 1.1340  | 1.1279 | 1.0172 | 0.2446   |
| Feb        | 1.1077                   | 1.1436  | 1.1467  | 1.3143 | 1.0137 | 0.2561   | 1.0935         | 1.1431  | 1.1402  | 1.3026 | 1.0135 | 0.2603   |
| Mar        | 1.2434                   | 1.2658  | 1.2737  | 1.4942 | 1.0127 | 0.2406   | 1.2446         | 1.2725  | 1.2769  | 1.4862 | 1.0132 | 0.2406   |

## Chicago Mercantile Exchange

| Month/Year | Butter                   | Cheddar Cheese |         | NFDM    |         | Dry Whey |         |
|------------|--------------------------|----------------|---------|---------|---------|----------|---------|
|            | Grade AA                 | Blocks         | Barrels | Central | Western | Central  | Western |
|            | <i>Dollars per Pound</i> |                |         |         |         |          |         |
| Mar 2000   | 1.0200                   | 1.1139         | 1.0936  | 1.0009  | 1.0000  | 0.1772   | 0.1780  |
| Apr        | 1.0691                   | 1.1032         | 1.0822  | 1.0000  | 1.0006  | 0.1725   | 0.1763  |
| May        | 1.2450                   | 1.0950         | 1.0860  | 1.0008  | 1.0022  | 0.1755   | 0.1758  |
| Jun        | 1.2440                   | 1.2050         | 1.1901  | 1.0122  | 1.0048  | 0.1868   | 0.1784  |
| Jul        | 1.1790                   | 1.2345         | 1.1916  | 1.0225  | 1.0060  | 0.1970   | 0.1855  |
| Aug        | 1.1933                   | 1.2460         | 1.1049  | 1.0227  | 1.0104  | 0.1804   | 0.1873  |
| Sep        | 1.1727                   | 1.2953         | 1.2360  | 1.0244  | 1.0100  | 0.1753   | 0.1853  |
| Oct        | 1.1462                   | 1.0463         | 1.0052  | 1.0233  | 1.0063  | 0.1817   | 0.1819  |
| Nov        | 1.6490                   | 1.0588         | 1.0306  | 1.0308  | 1.0094  | 0.2109   | 0.1913  |
| Dec        | 1.3700                   | 1.1233         | 1.1095  | 1.0429  | 1.0111  | 0.2528   | 0.2111  |
| Jan 2001   | 1.2531                   | 1.0912         | 1.0860  | 1.0364  | 1.0127  | 0.2719   | 0.2383  |
| Feb        | 1.3852                   | 1.2184         | 1.2232  | 1.0316  | 1.0103  | 0.2514   | 0.2370  |
| Mar        | 1.5708                   | 1.3161         | 1.2770  | 1.0313  | 1.0117  | 0.2389   | 0.2362  |

# Market Statistics

| Month/Year | Distributing<br>Plants | Supply<br>Plants | Coop .9(c)<br>Handlers | Producers | Total<br>Producer<br>Milk | Estimated<br>Average Daily<br>Delivery | Class I<br>Utilization | Butterfat<br>Test | Protein<br>Test | Other<br>Solids<br>Test | Weighted<br>Average<br>SCC |
|------------|------------------------|------------------|------------------------|-----------|---------------------------|--|------------------------|-------------------|-----------------|-------------------------|----------------------------|
|            |                        |                  |                        |           | <i>Mil. lbs</i>           | <i>Pounds</i>                          | <i>Percent</i>         | <i>Percent</i>    | <i>Percent</i>  | <i>(000)</i>            |                            |
|            |                        |                  |                        |           |                           |  |                        |                   |                 |                         |                            |
| Mar 2000   | 28                     | 76               | 11                     | 21,808    | 2,261                     | 3,389                                  | 16.3                   | 3.76              | 3.00            | 5.72                    | 329                        |
| Apr        | 29                     | 75               | 11                     | 20,499    | 2,069                     | 3,415                                  | 15.7                   | 3.76              | 3.00            | 5.72                    | 321                        |
| May        | 29                     | 73               | 11                     | 20,091    | 2,085                     | 3,402                                  | 16.8                   | 3.67              | 2.96            | 5.74                    | 327                        |
| Jun        | 29                     | 72               | 10                     | 18,854    | 1,933                     | 3,370                                  | 16.9                   | 3.64              | 2.95            | 5.74                    | 349                        |
| Jul        | 26                     | 69               | 10                     | 18,195    | 1,917                     | 3,364                                  | 16.4                   | 3.59              | 2.91            | 5.72                    | 371                        |
| Aug        | 27                     | 70               | 10                     | 18,083    | 1,852                     | 3,382                                  | 18.6                   | 3.59              | 2.93            | 5.70                    | 377                        |
| Sep        | 25                     | 67               | 10                     | 17,362    | 1,708                     | 3,357                                  | 20.2                   | 3.68              | 3.02            | 5.69                    | 360                        |
| Oct        | 25                     | 65               | 10                     | 16,870    | 1,638                     | 3,352                                  | 20.9                   | 3.78              | 3.07            | 5.68                    | 324                        |
| Nov        | 26                     | 61               | 12                     | 16,223    | 1,594                     | 3,397                                  | 21.7                   | 3.83              | 3.09            | 5.69                    | 314                        |
| Dec        | 27                     | 60               | 11                     | 15,978    | 1,657                     | 3,416                                  | 20.4                   | 3.85              | 3.10            | 5.66                    | 317                        |
| Jan 2001   | 26                     | 58               | 11                     | 16,027    | 1,729                     | 3,563                                  | 19.9                   | 3.81              | 3.05            | 5.67                    | 338                        |
| Feb        | 28                     | 57               | 11                     | 15,843    | 1,579                     | 3,637                                  | 19.7                   | 3.79              | 3.05            | 5.70                    | 332                        |
| Mar        | 27                     | 57               | 11                     | 15,331    | 1,726                     | 3,710                                  | 20.1                   | 3.77              | 3.03            | 5.69                    | 335                        |

\* NASS = National Agricultural Statistics Service, USDA.

# Class Prices

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |               |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Mar 2000   | 0.9713              | 7.71        | 10.84       | 0.9893                           | 9.51        | 12.64       | 1.0261         | 0.9344        | 8.41        | 11.71       |
| Apr        | 0.9989              | 7.70        | 10.93       | 1.0169                           | 9.50        | 12.73       | 1.1422         | 0.9333        | 8.40        | 12.10       |
| May        | 1.1559              | 7.70        | 11.48       | 1.1739                           | 9.50        | 13.28       | 1.2924         | 0.9333        | 8.40        | 12.63       |
| Jun        | 1.2195              | 7.70        | 11.70       | 1.2375                           | 9.50        | 13.50       | 1.4198         | 0.9333        | 8.40        | 13.08       |
| Jul        | 1.4355              | 7.71        | 12.46       | 1.4535                           | 9.51        | 14.26       | 1.2761         | 0.9344        | 8.41        | 12.58       |
| Aug        | 1.2913              | 7.70        | 11.95       | 1.3093                           | 9.50        | 13.75       | 1.2729         | 0.9333        | 8.40        | 12.56       |
| Sep        | 1.2591              | 7.70        | 11.84       | 1.2771                           | 9.50        | 13.64       | 1.2777         | 0.9333        | 8.40        | 12.58       |
| Oct        | 1.2566              | 7.76        | 11.89       | 1.2746                           | 9.56        | 13.69       | 1.2514         | 0.9400        | 8.46        | 12.54       |
| Nov        | 1.2435              | 7.74        | 11.82       | 1.2615                           | 9.54        | 13.62       | 1.5815         | 0.9378        | 8.44        | 13.68       |
| Dec        | 1.3283              | 7.75        | 12.13       | 1.3463                           | 9.55        | 13.93       | 1.6604         | 0.9389        | 8.45        | 13.97       |
| Jan 2001   | 1.8244              | 7.88        | 13.99       | 1.8424                           | 9.68        | 15.79       | 1.2966         | 0.9533        | 8.58        | 12.82       |
| Feb        | 1.2352              | 7.89        | 11.94       | 1.2532                           | 9.69        | 13.74       | 1.4696         | 0.9544        | 8.59        | 13.43       |
| Mar        | 1.4483              | 7.86        | 12.65       | 1.4663                           | 9.66        | 14.45       | 1.6890         | 0.9511        | 8.56        | 14.17       |
| Apr        | 1.6722              | 7.86        | 13.44       | 1.6902                           | 9.66        | 15.24       |                | 0.9511        | 8.56        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Mar 2000   | 1.0191          | 1.9166     | 0.0424       | 6.19        | 9.54        | 1.0191         | 0.8553        | 7.70        | 11.00       |
| Apr        | 1.1352          | 1.7399     | 0.0408       | 5.63        | 9.41        | 1.1352         | 0.8537        | 7.68        | 11.38       |
| May        | 1.2854          | 1.5514     | 0.0403       | 5.05        | 9.37        | 1.2854         | 0.8530        | 7.68        | 11.91       |
| Jun        | 1.4128          | 1.4278     | 0.0438       | 4.68        | 9.46        | 1.4128         | 0.8556        | 7.70        | 12.38       |
| Jul        | 1.2691          | 1.9726     | 0.0557       | 6.44        | 10.66       | 1.2691         | 0.8561        | 7.70        | 11.87       |
| Aug        | 1.2659          | 1.7952     | 0.0577       | 5.91        | 10.13       | 1.2659         | 0.8567        | 7.71        | 11.87       |
| Sep        | 1.2707          | 2.0137     | 0.0502       | 6.54        | 10.76       | 1.2707         | 0.8624        | 7.76        | 11.94       |
| Oct        | 1.2444          | 1.8028     | 0.0471       | 5.87        | 10.02       | 1.2444         | 0.8585        | 7.73        | 11.81       |
| Nov        | 1.5745          | 0.9149     | 0.0565       | 3.17        | 8.57        | 1.5745         | 0.8617        | 7.76        | 13.00       |
| Dec        | 1.6534          | 1.0378     | 0.0829       | 3.71        | 9.37        | 1.6534         | 0.8616        | 7.75        | 13.27       |
| Jan 2001   | 1.2896          | 1.6181     | 0.1120       | 5.68        | 9.99        | 1.2896         | 0.8765        | 7.89        | 12.13       |
| Feb        | 1.4626          | 1.4951     | 0.1199       | 5.34        | 10.27       | 1.4626         | 0.8737        | 7.86        | 12.70       |
| Mar        | 1.6820          | 1.6498     | 0.1039       | 5.73        | 11.42       | 1.6820         | 0.8727        | 7.85        | 13.46       |

# Producer Prices

| Month/Year | Producer Price Differential | Statistical Uniform Price (at 3.50%) | Butterfat Price   | Protein Price     | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|-----------------------------|--------------------------------------|-------------------|-------------------|--------------------|---------------------|----------------------------------|
|            | <i>\$ per cwt.</i>          | <i>\$ per cwt.</i>                   | <i>\$ per lb.</i> | <i>\$ per lb.</i> | <i>\$ per lb.</i>  | <i>\$ per cwt.</i>  | <i>\$ per cwt.</i>               |
| Jan 2000   | 0.43                        | 10.48                                | 0.9366            | 2.1677            | 0.0503             | 0.00058             | 11.41                            |
| Feb        | 0.56                        | 10.10                                | 0.9588            | 1.9849            | 0.0432             | 0.00055             | 11.04                            |
| Mar        | 0.64                        | 10.18                                | 1.0191            | 1.9166            | 0.0424             | 0.00055             | 11.04                            |
| Apr        | 0.74                        | 10.15                                | 1.1352            | 1.7399            | 0.0408             | 0.00055             | 11.12                            |
| May        | 0.90                        | 10.27                                | 1.2854            | 1.5514            | 0.0403             | 0.00055             | 11.10                            |
| Jun        | 0.97                        | 10.43                                | 1.4128            | 1.4278            | 0.0438             | 0.00056             | 11.35                            |
| Jul        | 0.70                        | 11.36                                | 1.2691            | 1.9726            | 0.0557             | 0.00061             | 11.97                            |
| Aug        | 0.84                        | 10.97                                | 1.2659            | 1.7952            | 0.0577             | 0.00058             | 11.76                            |
| Sep        | 0.70                        | 11.46                                | 1.2707            | 2.0137            | 0.0502             | 0.00062             | 12.43                            |
| Oct        | 0.86                        | 10.88                                | 1.2444            | 1.8028            | 0.0471             | 0.00058             | 12.00                            |
| Nov        | 1.43                        | 10.00                                | 1.5745            | 0.9149            | 0.0565             | 0.00051             | 11.56                            |
| Dec        | 1.23                        | 10.60                                | 1.6534            | 1.0378            | 0.0829             | 0.00054             |                                  |
| Jan 2001   | 1.03                        | 11.02                                | 1.2896            | 1.6181            | 0.1120             | 0.00056             |                                  |
| Feb        | 0.88                        | 11.15                                | 1.4626            | 1.4951            | 0.1199             | 0.00057             |                                  |
| Mar        | 0.78                        | 12.20                                | 1.6820            | 1.6498            | 0.1039             | 0.00064             |                                  |

# Summary of Federal Order Data - March 2001

| Federal Order<br>Number / Name | Producer<br>Deliveries | Class I<br>Producer<br>Receipts | Class I<br>Utilization | Class I<br>Price | Producer<br>Price<br>Differential | Uniform or Statistical<br>Uniform Price |                                 |
|--------------------------------|------------------------|---------------------------------|------------------------|------------------|-----------------------------------|---|---------------------------------|
|                                |                        |                                 |                        |                  |                                   | Price at<br>3.50%                       | Change From<br>Previous<br>Year |
|                                | <i>Thousand Pounds</i> |                                 | <i>Percent</i>         |                  | <i>Dollars per Cwt.</i>           | <i>Dollars per Cwt.</i>                 | <i>Dollars per Cwt.</i>         |
| 1 Northeast                    | 2,156,700              | 953,205                         | 44.2                   | \$ 15.90         | \$ 3.08                           | \$ 14.50                                | \$ 2.11                         |
| 5 Appalachian                  | 620,158                | 381,765                         | 61.6                   | 15.75            | n/a                               | 15.16                                   | 2.01                            |
| 6 Florida                      | 262,748                | 239,873                         | 91.3                   | 16.65            | n/a                               | 16.69                                   | 2.22                            |
| 7 Southeast                    | 708,957                | 430,155                         | 60.7                   | 15.75            | n/a                               | 14.92                                   | 2.09                            |
| 30 Upper Midwest               | 1,725,679              | 346,905                         | 20.1                   | 14.45            | 0.78                              | 12.20                                   | 2.02                            |
| 32 Central                     | 1,543,238              | 432,900                         | 28.1                   | 14.65            | 1.32                              | 12.74                                   | 1.06                            |
| 33 Mideast                     | 1,338,061              | 592,463                         | 44.3                   | 14.65            | 1.82                              | 13.24                                   | 1.72                            |
| 124 Pacific Northwest          | 540,852                | 182,140                         | 33.7                   | 14.55            | 1.92                              | 13.34                                   | 2.17                            |
| 126 Southwest                  | 682,762                | 347,355                         | 50.9                   | 15.65            | 2.76                              | 14.18                                   | 2.28                            |
| 131 Arizona-Las Vegas          | 268,521                | 85,397                          | 31.8                   | 15.00            | n/a                               | 13.31                                   | 2.03                            |
| 135 Western                    | 300,210                | 89,270                          | 29.7                   | 14.55            | 1.47                              | 12.89                                   | 1.87                            |
| All Market Average or Total *  | 10,147,885             | 4,081,427                       | 40.2                   |                  |                                   |   |                                 |

n/a = Not applicable. \* May not add due to rounding.

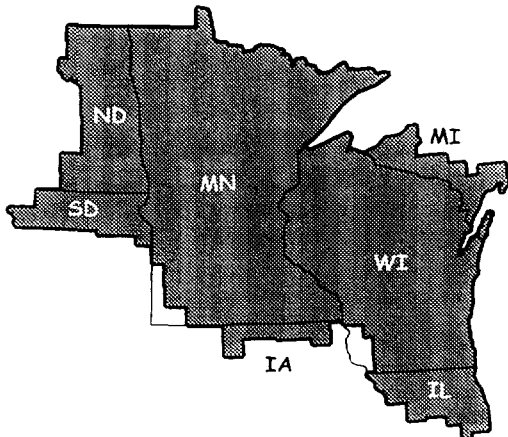
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U.S. Department of Agriculture

# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

Volume 2, Issue 3

Upper Midwest Marketing Area, Federal Order No. 30

March 2001

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## 2001 Dairy Outlook \*

The following is a summary of the presentation by James J. Miller of the USDA Economic Research Service at USDA's annual Agricultural Outlook Forum on February 23, 2001.

### Demand Uncertainty Grows

Growth in dairy demand in 2001 may not match the exuberant pace of recent years, as the economic expansion is beginning to show some ragged edges after a long steady run. Even so, dairy demand is projected to remain fairly good through at least most of the year because a major economic slowdown does not seem likely. Demand for cheese, butter, and cream probably will continue to show the most strength.

The general economy is predicted to grow this year and probably will continue to bolster dairy demand. However,

**Demand for cheese, butter and cream will show the most strength.**

slower overall growth, some layoffs, higher energy costs, slippage in stock values, and media attention to signs of economic softening may reduce consumer confidence and make them more cautious about spending. Consumer retrenching probably will affect different dairy products unevenly, but will have a dampening effect overall.

### Production Spurt Easing

The dark side of surging demand is that its resulting strong milk prices usually unleash a rapid expansion in milk production. Growth in output clearly overwhelmed demand during late 1999 and 2000. However, the crest of the production expansion has passed, and milk prices may

start to recover by the second half of 2001.

This year, milk per cow is projected to increase about 1 percent, putting it about on trend from the 5-year average. Although milk-feed price ratios might argue for slightly above-trend gains, forage problems likely will trim the rise.

Returns over concentrate costs are projected to remain relatively low through at least most of 2001. At these returns, cow numbers are expected to erode steadily

**Milk prices may start to recover by the second half of 2001.**

during the year and average 0.5 to 1 percent below a year earlier. Even so, the slowing of expansion and the increase in exits probably will continue to develop somewhat gradually.

*Continued on Page 2*

## Pool Summary

- In February, 15,843 producers delivered to the market with an average daily delivery of 3,637 pounds.
- Producer milk totaled 1.58 billion pounds, up 1% on a daily basis from January.
- Class I utilization totaled 312

million pounds, up fractionally on a daily basis from January.

- Class I usage accounted for 19.7% of producer milk.
- The February Producer Price Differential is \$0.88 per cwt.
- The Statistical Uniform Price is \$11.15 per cwt., up \$0.13 from January and \$1.05 above February 2000.
- Market statistics for February are shown on Pages 4 and 5.

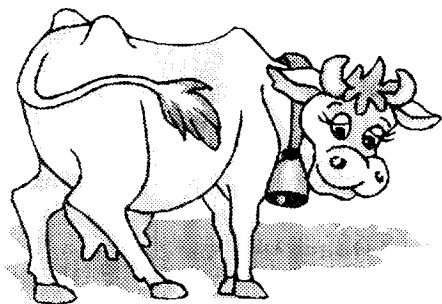
## February 2001 Producer Milk by Class

|           | Percent | Pounds        | Price<br>\$/cwt. |
|-----------|---------|---------------|------------------|
| Class I   | 19.7    | 311,821,622   | 13.74            |
| Class II  | 2.7     | 42,165,769    | 13.43            |
| Class III | 76.8    | 1,212,357,533 | 10.27            |
| Class IV  | 0.8     | 12,440,553    | 12.70            |
| Total     |         | 1,578,785,477 |                  |

*Continued from Page 1*

Expansion of strong farms shows no sign of slowing dramatically. Demand for dairy replacements stays strong. Replacement cow prices, although slightly below late 1999 and 2000 levels, are still above \$1,300 despite a large herd of replacement heifers at the start of 2001. The lower returns, needed consolidation after recent rapid expansion, and forage problems will tend to slow, but not stop, expansions in 2001.

Similarly, farm exits likely will be more numerous in 2001, but are not expected to generate rapid declines in milk cow numbers. Cull cow prices are projected to be the highest in a number of years,



but probably will not be enough to divert many cows to slaughter, at least as long as replacement prices stay fairly firm.

Milk production is projected to be about unchanged in 2001, following two straight 3-percent increases. If milk per cow can recover from its current weakness, milk output may run near a year earlier during most of 2001.

### **Skim Solids Surplus To Continue**

Surging 2000 milk production and only modest growth in commercial use of skim solids led to a surplus equivalent to almost 9 billion pounds of milk on a skim solids basis. This was the largest such surplus since the mid-eighties. Meanwhile, the surplus was almost trivial on a milkfat basis, totaling less than 1 billion pounds, milk equivalent. It is not a great oversimplification to say that very tight milkfat markets starting in 1998 led to strong milk prices, then to sharply increased milk production and a large surplus of skim solids.

In 2001, the surplus of skim solids is expected to decline as growth in commercial use outweighs any increase in

**Milk production is projected to be nearly unchanged in 2001.**

milk output. Even so, government purchases of nonfat dry milk are projected to be large. Cheese purchases are not expected to be sizable. Dairy Export Incentive Program (DEIP) exports of butter probably will again fall short of the WTO limit with international demand for milkfat lackluster.

### **Muted Price Recovery Expected**

Wholesale prices of butter and cheese have been unsettled thus far in 2001, somewhat unusually so for a winter period with fairly weak prices. Increases in milk production have shrunk, output of major products has decreased, but cold storage stocks are large. Consumer purchases probably have been fairly good but wholesale product movement has been confused by the uncertain state of pipeline holdings. Exchange prices of cheese have risen slightly from their abnormally low autumn levels, particularly for barrel cheese. Pipeline stocks reportedly were very large last fall. Reductions in these holdings have helped cheese prices, but working stocks may remain large.

Butter prices briefly fell around the end of the year, but bounced back to \$1.25 to \$1.45 per pound. Sales of milkfat products have remained brisk, and most of the "extra" year-end butter production evidently was needed to replenish depleted pipeline stocks. Meanwhile, prices of nonfat dry milk remain anchored to the support purchase price.

Wholesale product prices are not expected to change much over the next few months, although uncertainties for both demand and supply may keep prices variable. Milk production probably will be adequate to meet the market call until users start to build stocks for

later needs. Because seasonal building of cheese stocks was generally excessive last year, it may well be later and smaller this year. Butter prices are projected to post seasonal increases as the tight summer season nears, joined by rises in cheese prices during the second half. Seasonal rises are expected to be moderate.

Milk prices in 2001 are likely to recover only slightly from last year's low. Farm milk prices currently are somewhat above the very low levels of a year ago, but are expected to run near a year earlier during the spring and summer. Seasonal rises are projected to lift autumn prices above a year earlier. For the year, the average price of all milk is expected to rise about a half-dollar per cwt. The gap between the value of milk for butter-powder and for cheese probably will stay wide.

Milk prices received by farmers fell to an average \$12.34 per cwt. in 2000, down \$2 from 1999 and more than \$3 from the 1998 record. Last year's price was the lowest since 1991, as even

**Government purchases of nonfat dry milk are projected to be large, but cheese purchases should not be sizable.**

strong demand was swamped by jumps in milk production. Areas dependent on cheese were particularly hard hit, with the Federal order price for milk used in cheese averaging below \$10 per cwt. for the first time since the seventies.

### **Summary**

A major recovery in the prices of milk and dairy products is not expected in 2001. However, it is expected to be a year when milk production slows, demand continues to expand, and the stage is set for stronger prices in the years to come.

\* Adapted from a speech by James J. Miller at the USDA Agricultural Outlook forum, Feb. 23, 2001. The complete speech can be obtained at: [www.usda.gov/occe/waob/agforum.htm](http://www.usda.gov/occe/waob/agforum.htm).



# Mailbox Milk Prices -- Federal Orders & California

The Dairy Programs section of the Agricultural Marketing Service, through its Federal milk order Market Administrator offices, collects and publishes "mailbox milk prices".

not part of the Federal order program, but the California Department of Food and Agriculture, Dairy Marketing Branch, calculates a mailbox price. This price has been included for comparison purposes.

including all payments received for milk sold and deducting costs associated with marketing the milk. The information reported is intended to be representative of the entire market by including data for the major cooperatives and handlers with nonmember supplies operating in the market. All mailbox prices are reported at test.

The table below shows these prices for selected Federal orders for 1999 and the first nine months of 2000. California is

The mailbox price is defined as the net price received by dairy farmers for milk,

| Order <sup>1</sup>                | Jan-99         | Feb-99         | Mar-99         | Apr-99         | May-99         | Jun-99         | Jul-99         | Aug-99         | Sep-99         | Oct-99         | Nov-99         | Dec-99         |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Northeast                         | \$17.35        | \$15.48        | \$15.37        | \$11.91        | \$12.38        | \$12.64        | \$13.14        | \$13.85        | \$15.26        | \$15.20        | \$15.00        | \$12.31        |
| Mideast                           | 18.08          | 16.67          | 16.34          | 12.07          | 12.66          | 12.71          | 12.79          | 13.22          | 15.29          | 15.81          | 15.85          | 12.39          |
| Appalachian                       | 18.94          | 18.85          | 17.91          | 12.61          | 13.40          | 13.93          | 13.66          | 13.80          | 15.83          | 17.10          | 17.47          | 13.72          |
| Southeast                         | 18.40          | 18.10          | 16.99          | 12.00          | 12.87          | 13.15          | 13.08          | 13.35          | 15.38          | 16.15          | 16.20          | 12.70          |
| Florida                           | 20.27          | 20.32          | 19.28          | 14.09          | 15.06          | 15.38          | 15.70          | 16.22          | 17.94          | 19.29          | 18.72          | 15.59          |
| <b>Upper Midwest</b>              | <b>17.18</b>   | <b>13.04</b>   | <b>13.62</b>   | <b>12.52</b>   | <b>12.21</b>   | <b>12.45</b>   | <b>13.96</b>   | <b>16.12</b>   | <b>16.20</b>   | <b>13.55</b>   | <b>12.29</b>   | <b>11.29</b>   |
| Central                           | 17.26          | 14.33          | 14.53          | 11.65          | 12.01          | 12.23          | 12.85          | 13.62          | 15.25          | 14.48          | 13.87          | 11.50          |
| Southwest                         | 16.87          | 14.85          | 14.72          | 11.36          | 12.07          | 12.54          | 13.26          | 13.89          | 15.33          | 14.93          | 14.52          | 12.44          |
| Western                           | 16.10          | 12.33          | 12.87          | 11.29          | 11.34          | 11.73          | 12.53          | 13.72          | 14.62          | 12.47          | 10.96          | 10.39          |
| Pacific Northwest                 | 16.07          | 14.42          | 14.37          | 11.46          | 12.10          | 12.67          | 12.64          | 13.19          | 14.13          | 13.64          | 13.46          | 11.45          |
| <b>Weighted Avg. <sup>2</sup></b> | <b>\$17.43</b> | <b>\$15.00</b> | <b>\$15.02</b> | <b>\$12.05</b> | <b>\$12.38</b> | <b>\$12.65</b> | <b>\$13.31</b> | <b>\$14.21</b> | <b>\$15.49</b> | <b>\$14.70</b> | <b>\$14.17</b> | <b>\$12.00</b> |
| California                        | \$15.89        | \$14.18        | \$13.95        | \$12.26        | \$12.26        | \$12.70        | \$13.16        | \$15.02        | \$14.41        | \$13.69        | \$13.02        | \$11.36        |

| Order <sup>1</sup>                | Jan-00         | Feb-00         | Mar-00         | Apr-00         | May-00         | Jun-00         | Jul-00         | Aug-00         | Sep-00         |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Northeast                         | \$12.08        | \$11.96        | \$12.13        | \$11.85        | \$12.24        | \$12.56        | \$12.72        | \$12.71        | \$12.91        |
| Mideast                           | 12.14          | 12.03          | 11.93          | 12.03          | 12.24          | 12.25          | 12.36          | 12.25          | 12.51          |
| Appalachian                       | 13.10          | 12.87          | 12.93          | 12.98          | 13.26          | 13.59          | 13.99          | 14.10          | 14.17          |
| Southeast                         | 12.55          | 12.34          | 12.27          | 12.25          | 12.52          | 12.80          | 13.23          | 13.21          | 13.26          |
| Florida                           | 14.88          | 14.91          | 14.77          | 14.95          | 15.25          | 15.66          | 16.10          | 16.25          | 16.55          |
| <b>Upper Midwest</b>              | <b>11.41</b>   | <b>11.04</b>   | <b>11.04</b>   | <b>11.12</b>   | <b>11.10</b>   | <b>11.35</b>   | <b>11.97</b>   | <b>11.76</b>   | <b>12.43</b>   |
| Central                           | 11.50          | 11.20          | 11.13          | 11.06          | 11.02          | 11.16          | 11.75          | 11.56          | 12.18          |
| Southwest                         | 12.06          | 11.77          | 11.66          | 11.49          | 11.73          | 11.59          | 12.01          | 12.03          | 12.20          |
| Western                           | 10.65          | 10.64          | 10.27          | 10.11          | 10.11          | 10.23          | 10.72          | 10.69          | 11.34          |
| Pacific Northwest                 | 11.26          | 11.20          | 11.30          | 11.37          | 11.68          | 11.83          | 11.92          | 11.85          | 12.17          |
| <b>Weighted Avg. <sup>2</sup></b> | <b>\$11.92</b> | <b>\$11.70</b> | <b>\$11.71</b> | <b>\$11.66</b> | <b>\$11.84</b> | <b>\$12.02</b> | <b>\$12.38</b> | <b>\$12.31</b> | <b>\$12.68</b> |
| California                        | \$10.88        | \$10.72        | \$10.80        | \$11.03        | \$11.20        | \$11.62        | \$11.85        | \$11.93        | \$12.30        |



<sup>1</sup> Federal milk orders for which information can be released. The 31 Federal milk orders in effect in 1999 were consolidated into 11 orders, effective January 1, 2000. The 1999 mailbox prices shown here are the weighted average of the prices for the orders that were consolidated and are for comparison purposes only. Prices are dollars per cwt.

<sup>2</sup> Weighted average of information for the orders listed.

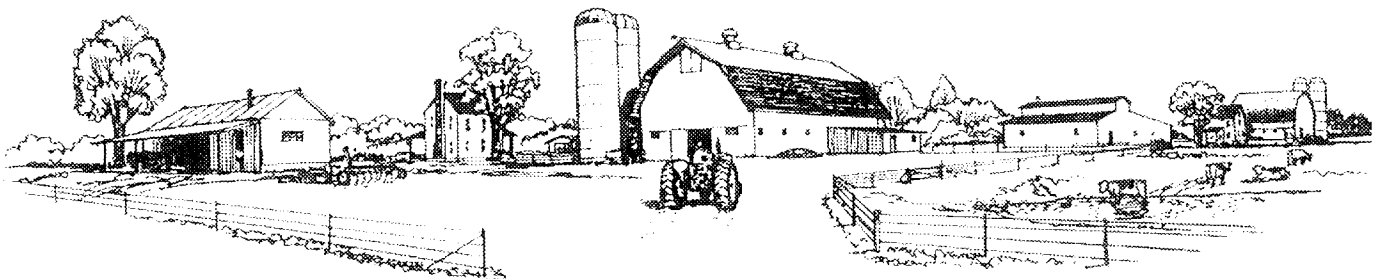
## Upper Midwest Pool Statistics - February 2001

| Market Class I<br>Differential<br>Rate | Pool<br>Plants | Received at<br>Pool Plants | Diverted to<br>Pool and<br>Nonpool Plants |                      | Location<br>Adjustment to<br>Producers | Class I Differential<br>to Handlers |                    |
|--|----------------|----------------------------|---|----------------------|--|-------------------------------------|--------------------|
|  |                |                            | Pounds                                    | Total<br>Pounds      |  | Pounds                              | Value              |
| Cwt.                                   | Number         | Pounds                     | Pounds                                    | Pounds               | Value                                  | Pounds                              | Value              |
| \$1.80                                 | 6              | 18,583,764                 | 24,901,474                                | 43,485,238           | \$ 0                                   | 36,995,714                          | \$ 665,923         |
| \$1.75                                 | 34             | 160,303,434                | 318,323,979                               | 478,627,413          | 239,314                                | 135,640,151                         | 2,373,702          |
| \$1.70                                 | 39             | 148,346,896                | 773,551,205                               | 921,898,101          | 921,898                                | 118,893,401                         | 2,021,188          |
| \$1.65                                 | 6              | 25,483,045                 | 16,424,374                                | 41,907,419           | 62,861                                 | 20,292,356                          | 334,824            |
| Restricted                             | 0              | 0                          | 92,867,306                                | 92,867,306           | (160,295)                              | 0                                   | 0                  |
| <b>Total</b>                           | <b>85</b>      | <b>352,717,139</b>         | <b>1,226,068,338</b>                      | <b>1,578,785,477</b> | <b>\$1,063,778</b>                     | <b>311,821,622</b>                  | <b>\$5,395,637</b> |

# Computation of Producer Price Differential-February 2001

|   | Utilization<br>Percentage | Product<br>Pounds    | Component<br>Pounds | Rate            | Value                   |
|---|---------------------------|----------------------|---------------------|-----------------|-------------------------|
| <b>Class I</b>  |                           |                      |                     |                 |                         |
| Differential Value  |                           |                      |                     |                 | \$ 5,395,637.20         |
| Product   | 19.7%                     | 311,821,622          |                     |                 |                         |
| Skim Milk   |                           |                      | 306,843,665         | \$ 7.8900       | 24,209,965.18           |
| Butterfat   |                           |                      | 4,977,957           | 1.2352          | 6,148,772.48            |
| <b>Class II</b>   |                           |                      |                     |                 |                         |
| Product   | 2.7%                      | 42,165,769           |                     |                 |                         |
| Nonfat Solids   |                           |                      | 3,243,075           | 0.9544          | 3,095,190.76            |
| Butterfat   |                           |                      | 6,408,379           | 1.4696          | 9,417,753.79            |
| <b>Class III</b>  |                           |                      |                     |                 |                         |
| Product   | 76.8%                     | 1,212,357,533        |                     |                 |                         |
| Protein   |                           |                      | 37,025,727          | 1.4951          | 55,357,164.42           |
| Other Solids  |                           |                      | 69,243,875          | 0.1199          | 8,302,340.63            |
| Butterfat   |                           |                      | 43,357,694          | 1.4626          | 63,414,963.26           |
| <b>Class IV</b>   |                           |                      |                     |                 |                         |
| Product   | 0.8%                      | 12,440,553           |                     |                 |                         |
| Nonfat Solids   |                           |                      | 661,687             | 0.8737          | 578,115.94              |
| Butterfat   |                           |                      | 5,131,086           | 1.4626          | 7,504,726.39            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                      |                     |                 | 104,188.39              |
| <b>Total Producer Milk *</b>                                      |                           | <b>1,578,785,477</b> |                     |                 | <b>\$183,528,818.44</b> |
| Add:  |                           |                      |                     |                 |                         |
| Overage   |                           |                      |                     |                 | 98,521.45               |
| Inventory Reclassified  |                           |                      |                     |                 | 1,499.00                |
| Other Source Milk \$.60(h)  |                           |                      |                     |                 | 0.00                    |
| Other Source Milk \$.60(i)  |                           |                      |                     |                 | 0.00                    |
| Subtract:   |                           |                      |                     |                 |                         |
| Transportation Credit   |                           |                      |                     |                 | 175,304.95              |
| Assembly Credit   |                           |                      |                     |                 | 248,520.13              |
| Credit for Reconstituted FMP                                      |                           |                      |                     |                 | 0.00                    |
| Producer Milk Protein   |                           |                      |                     |                 | 71,880,408.65           |
| Producer Milk Other Solids  |                           |                      |                     |                 | 10,786,550.56           |
| Producer Milk Butterfat   |                           |                      |                     |                 | 87,573,344.70           |
| Producer Milk SCC Adjustment                                      |                           |                      |                     |                 | 165,759.43              |
| <b>Total Milk and Value</b>                                       |                           | <b>1,578,785,477</b> |                     |                 | <b>\$ 12,798,950.47</b> |
| Add:  |                           |                      |                     |                 |                         |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                      |                     |                 | 1,063,778.05            |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                      |                     |                 | 740,376.74              |
| <b>Total Value</b>  |                           |                      |                     | <b>0.924958</b> | <b>\$ 14,603,105.26</b> |
| Subtract:   |                           |                      |                     |                 |                         |
| Producer Settlement Fund Reserve                                  |                           |                      |                     | 0.044958        | 709,793.06              |
| <b>Producer Price Differential</b> (Dollars Per Cwt.--Base Zone)  |                           |                      |                     | <b>\$0.88</b>   | <b>\$13,893,312.20</b>  |

\* An estimated 35 million pounds of milk was not pooled.



# Utilization and Classification

|   | February 2001        |                   | January 2001         | February 2000        |
|---|----------------------|-------------------|----------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |                      |
| Packaged Disposition                      |                      |                   |                      |                      |
| Milk                                      | 51,023,210           | 1,658,391         | 53,265,890           | 51,144,293           |
| Flavored Milk                             | 6,410,945            | 152,494           | 7,370,237            | 7,151,073            |
| Reduced Fat Milk                          | 125,067,863          | 2,459,472         | 136,678,366          | 130,723,567          |
| Lowfat Milk                               | 41,361,235           | 415,113           | 45,192,195           | 42,822,094           |
| Fat Free Milk                             | 78,186,492           | 92,794            | 85,551,957           | 82,679,153           |
| Flavored Reduced and Fat Free Milk        | 21,907,044           | 200,534           | 23,728,840           | 23,264,131           |
| Buttermilk                                | 2,348,158            | 24,223            | 2,447,732            | 2,059,001            |
| Total Packaged Disposition                | 326,304,947          | 5,003,021         | 354,235,217          | 339,843,312          |
| Total Ending Inventory                    | 29,074,782           | 454,333           | 27,336,752           | 26,481,683           |
| Bulk to Nonpool Plants                    | 579,708              | 9,426             | 4,545,715            | 2,186,541            |
| Shrinkage                                 | 2,277,752            | 142,164           | 2,714,101            | 1,393,253            |
| Total Class I Utilization                 | 358,237,189          | 5,608,944         | 388,831,785          | 369,904,789          |
| Other Order Plants                        | (18,244,072)         | (197,061)         | (16,794,377)         | (3,574,551)          |
| Beginning Inventory                       | (28,038,746)         | (432,307)         | (26,439,850)         | (26,695,939)         |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | 0                    | 0                 | 0                    | (943,402)            |
| Overage                                   | 0                    | 0                 | --                   | 0                    |
| Interhandler Adjustment                   | (132,749)            | (1,619)           | (1,162,550)          | 704,701              |
| <b>Class I Producer Milk</b>              | <b>311,821,622</b>   | <b>4,977,957</b>  | <b>344,435,008</b>   | <b>339,395,598</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |                      |
| Total Class II Utilization                | 62,326,586           | 7,584,610         | 61,908,545           | 87,193,664           |
| Other Order Plants                        | (7,203,663)          | (337,722)         | (7,569,657)          | --                   |
| Beginning Inventory                       | (3,944,077)          | (108,918)         | (1,688,894)          | (1,155,415)          |
| Reused Products                           | (7,684,632)          | (3,052)           | (7,071,051)          | (8,229,412)          |
| Other Source Milk                         | (1,211,110)          | (722,849)         | (773,813)            | (1,177,847)          |
| Overage                                   | (117,335)            | (3,690)           | --                   | --                   |
| <b>Class II Producer Milk</b>             | <b>42,165,769</b>    | <b>6,408,379</b>  | <b>44,805,130</b>    | <b>76,630,990</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |                      |
| Total Class III Utilization               | 1,237,883,343        | 44,240,759        | 1,356,023,012        | 1,861,922,653        |
| Other Order Plants                        | (18,130,501)         | (622,775)         | (19,446,365)         | (2,031,272)          |
| Beginning Inventory                       | (3,246,375)          | (157,109)         | (5,449,531)          | (8,625,094)          |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | (3,853,782)          | (90,209)          | (3,748,428)          | (11,347,578)         |
| Overage                                   | (295,152)            | (12,972)          | (52,828)             | (58,394)             |
| <b>Class III Producer Milk</b>            | <b>1,212,357,533</b> | <b>43,357,694</b> | <b>1,327,325,860</b> | <b>1,839,860,315</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |                      |
| Total Class IV Utilization                | 35,740,349           | 6,869,807         | 37,449,162           | 42,556,286           |
| Other Order Plants                        | (7,795,199)          | (642,279)         | (8,230,461)          | (2,303,762)          |
| Beginning Inventory                       | (10,983,874)         | (672,228)         | (11,479,296)         | (19,869,774)         |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | (4,375,967)          | (396,817)         | (5,482,295)          | (7,137,791)          |
| Overage                                   | (144,756)            | (27,397)          | (86,697)             | (478,879)            |
| <b>Class IV Producer Milk</b>             | <b>12,440,553</b>    | <b>5,131,086</b>  | <b>12,170,413</b>    | <b>12,766,080</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>1,578,785,477</b> | <b>59,875,116</b> | <b>1,728,736,411</b> | <b>2,268,652,983</b> |

-- Restricted Information

# Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |         |         |        |        |          | Weighted Two-Week Average NASS Prices * |         |         |        |        |          |
|------------|--|---------|---------|--------|--------|----------|---|---------|---------|--------|--------|----------|
|            | Cheddar Cheese                         |         |         | Butter | NFDM   | Dry Whey | Cheddar Cheese                          |         |         | Butter | NFDM   | Dry Whey |
|            | Blocks                                 | Barrels | Average |        |        |          | Blocks                                  | Barrels | Average |        |        |          |
|            | <i>Dollars per Pound</i>               |         |         |        |        |          | <i>Dollars per Pound</i>                |         |         |        |        |          |
| Feb 2000   | 1.1028                                 | 1.0793  | 1.1067  | 0.9002 | 1.0106 | 0.1788   | 1.1054                                  | 1.0804  | 1.1084  | 0.9105 | 1.0104 | 0.1800   |
| Mar        | 1.0993                                 | 1.0854  | 1.1093  | 0.9497 | 1.0094 | 0.1780   | 1.0953                                  | 1.0841  | 1.1073  | 0.9331 | 1.0098 | 0.1771   |
| Apr        | 1.0979                                 | 1.0733  | 1.1011  | 1.0449 | 1.0078 | 0.1765   | 1.0985                                  | 1.0770  | 1.1035  | 1.0618 | 1.0096 | 0.1774   |
| May        | 1.0892                                 | 1.0793  | 1.1022  | 1.1680 | 1.0071 | 0.1760   | 1.0911                                  | 1.0768  | 1.1011  | 1.1140 | 1.0100 | 0.1755   |
| Jun        | 1.0996                                 | 1.0929  | 1.1137  | 1.2725 | 1.0097 | 0.1794   | 1.0914                                  | 1.0851  | 1.1060  | 1.2911 | 1.0106 | 0.1794   |
| Jul        | 1.1992                                 | 1.2041  | 1.2189  | 1.1547 | 1.0102 | 0.1909   | 1.2013                                  | 1.2175  | 1.2269  | 1.1729 | 1.0093 | 0.1893   |
| Aug        | 1.1979                                 | 1.1104  | 1.1660  | 1.1520 | 1.0108 | 0.1929   | 1.2029                                  | 1.1406  | 1.1847  | 1.1465 | 1.0091 | 0.1940   |
| Sep        | 1.2653                                 | 1.1719  | 1.2315  | 1.1560 | 1.0166 | 0.1856   | 1.2720                                  | 1.1797  | 1.2380  | 1.1444 | 1.0168 | 0.1856   |
| Oct        | 1.1940                                 | 1.1032  | 1.1602  | 1.1344 | 1.0127 | 0.1826   | 1.2293                                  | 1.1486  | 1.2012  | 1.1337 | 1.0143 | 0.1820   |
| Nov        | 1.0284                                 | 0.9906  | 1.0245  | 1.4051 | 1.0159 | 0.1917   | 1.0343                                  | 0.9874  | 1.0259  | 1.2032 | 1.0157 | 0.1881   |
| Dec        | 1.0835                                 | 1.0645  | 1.0898  | 1.4698 | 1.0158 | 0.2172   | 1.0824                                  | 1.0702  | 1.0930  | 1.6110 | 1.0159 | 0.2194   |
| Jan 2001   | 1.0991                                 | 1.1017  | 1.1180  | 1.1725 | 1.0165 | 0.2484   | 1.1171                                  | 1.1147  | 1.1340  | 1.1279 | 1.0172 | 0.2446   |
| Feb        | 1.1077                                 | 1.1436  | 1.1467  | 1.3143 | 1.0137 | 0.2561   | 1.0935                                  | 1.1431  | 1.1402  | 1.3026 | 1.0135 | 0.2603   |

| Month/Year | Chicago Mercantile Exchange |                |         |         |         |          |         |  |
|------------|-----------------------------|----------------|---------|---------|---------|----------|---------|--|
|            | Butter                      | Cheddar Cheese |         | NFDM    |         | Dry Whey |         |  |
|            | Grade AA                    | Blocks         | Barrels | Central | Western | Central  | Western |  |
|            | <i>Dollars per Pound</i>    |                |         |         |         |          |         |  |
| Feb 2000   | 0.9245                      | 1.1090         | 1.0910  | 1.0025  | 1.0024  | 0.1751   | 0.1799  |  |
| Mar        | 1.0200                      | 1.1139         | 1.0936  | 1.0009  | 1.0000  | 0.1772   | 0.1780  |  |
| Apr        | 1.0691                      | 1.1032         | 1.0822  | 1.0000  | 1.0006  | 0.1725   | 0.1763  |  |
| May        | 1.2450                      | 1.0950         | 1.0860  | 1.0008  | 1.0022  | 0.1755   | 0.1758  |  |
| Jun        | 1.2440                      | 1.2050         | 1.1901  | 1.0122  | 1.0048  | 0.1868   | 0.1784  |  |
| Jul        | 1.1790                      | 1.2345         | 1.1916  | 1.0225  | 1.0060  | 0.1970   | 0.1855  |  |
| Aug        | 1.1933                      | 1.2460         | 1.1049  | 1.0227  | 1.0104  | 0.1804   | 0.1873  |  |
| Sep        | 1.1727                      | 1.2953         | 1.2360  | 1.0244  | 1.0100  | 0.1753   | 0.1853  |  |
| Oct        | 1.1462                      | 1.0463         | 1.0052  | 1.0233  | 1.0063  | 0.1817   | 0.1819  |  |
| Nov        | 1.6490                      | 1.0588         | 1.0306  | 1.0308  | 1.0094  | 0.2109   | 0.1913  |  |
| Dec        | 1.3700                      | 1.1233         | 1.1095  | 1.0429  | 1.0111  | 0.2528   | 0.2111  |  |
| Jan 2001   | 1.2531                      | 1.0912         | 1.0860  | 1.0364  | 1.0127  | 0.2719   | 0.2383  |  |
| Feb        | 1.3852                      | 1.2184         | 1.2232  | 1.0316  | 1.0103  | 0.2514   | 0.2370  |  |

# Market Statistics

| Month/Year | Distributing<br>Plants | Supply<br>Plants | Coop. 9(c)<br>Handlers | Producers | Total<br>Producer<br>Milk | Estimated<br>Average Daily<br>Delivery | Class I<br>Utilization | Butterfat<br>Test | Protein<br>Test | Other<br>Solids<br>Test | Weighted<br>Average<br>SCC |
|------------|------------------------|------------------|------------------------|-----------|---------------------------|--|------------------------|-------------------|-----------------|-------------------------|----------------------------|
|            |                        |                  |                        |           | <i>Mil. lbs.</i>          | <i>Pounds</i>                          | <i>Percent</i>         | <i>Percent</i>    | <i>Percent</i>  | <i>Percent</i>          | <i>(000)</i>               |
| Feb 2000   | 28                     | 79               | 11                     | 22,874    | 2,269                     | 3,491                                  | 14.9                   | 3.78              | 3.02            | 5.68                    | 316                        |
| Mar        | 28                     | 76               | 11                     | 21,808    | 2,261                     | 3,389                                  | 16.3                   | 3.76              | 3.00            | 5.72                    | 329                        |
| Apr        | 29                     | 75               | 11                     | 20,499    | 2,069                     | 3,415                                  | 15.7                   | 3.76              | 3.00            | 5.72                    | 321                        |
| May        | 29                     | 73               | 11                     | 20,091    | 2,085                     | 3,402                                  | 16.8                   | 3.67              | 2.96            | 5.74                    | 327                        |
| Jun        | 29                     | 72               | 10                     | 18,854    | 1,933                     | 3,370                                  | 16.9                   | 3.64              | 2.95            | 5.74                    | 349                        |
| Jul        | 26                     | 69               | 10                     | 18,195    | 1,917                     | 3,364                                  | 16.4                   | 3.59              | 2.91            | 5.72                    | 371                        |
| Aug        | 27                     | 70               | 10                     | 18,083    | 1,852                     | 3,382                                  | 18.6                   | 3.59              | 2.93            | 5.70                    | 377                        |
| Sep        | 25                     | 67               | 10                     | 17,362    | 1,708                     | 3,357                                  | 20.2                   | 3.68              | 3.02            | 5.69                    | 360                        |
| Oct        | 25                     | 65               | 10                     | 16,870    | 1,638                     | 3,352                                  | 20.9                   | 3.78              | 3.07            | 5.68                    | 324                        |
| Nov        | 26                     | 61               | 12                     | 16,223    | 1,594                     | 3,397                                  | 21.7                   | 3.83              | 3.09            | 5.69                    | 314                        |
| Dec        | 27                     | 60               | 11                     | 15,978    | 1,657                     | 3,416                                  | 20.4                   | 3.85              | 3.10            | 5.66                    | 317                        |
| Jan 2001   | 26                     | 58               | 11                     | 16,027    | 1,729                     | 3,563                                  | 19.9                   | 3.81              | 3.05            | 5.67                    | 338                        |
| Feb        | 28                     | 57               | 11                     | 15,843    | 1,579                     | 3,637                                  | 19.7                   | 3.79              | 3.05            | 5.70                    | 332                        |

\* NASS = National Agricultural Statistics Service, USDA.

## Class Prices

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |               |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Feb 2000   | 0.9302              | 7.72        | 10.71       | 0.9482                           | 9.52        | 12.51       | 0.9658         | 0.9356        | 8.42        | 11.51       |
| Mar        | 0.9713              | 7.71        | 10.84       | 0.9893                           | 9.51        | 12.64       | 1.0261         | 0.9344        | 8.41        | 11.71       |
| Apr        | 0.9989              | 7.70        | 10.93       | 1.0169                           | 9.50        | 12.73       | 1.1422         | 0.9333        | 8.40        | 12.10       |
| May        | 1.1559              | 7.70        | 11.48       | 1.1739                           | 9.50        | 13.28       | 1.2924         | 0.9333        | 8.40        | 12.63       |
| Jun        | 1.2195              | 7.70        | 11.70       | 1.2375                           | 9.50        | 13.50       | 1.4198         | 0.9333        | 8.40        | 13.08       |
| Jul        | 1.4355              | 7.71        | 12.46       | 1.4535                           | 9.51        | 14.26       | 1.2761         | 0.9344        | 8.41        | 12.58       |
| Aug        | 1.2913              | 7.70        | 11.95       | 1.3093                           | 9.50        | 13.75       | 1.2729         | 0.9333        | 8.40        | 12.56       |
| Sep        | 1.2591              | 7.70        | 11.84       | 1.2771                           | 9.50        | 13.64       | 1.2777         | 0.9333        | 8.40        | 12.58       |
| Oct        | 1.2566              | 7.76        | 11.89       | 1.2746                           | 9.56        | 13.69       | 1.2514         | 0.9400        | 8.46        | 12.54       |
| Nov        | 1.2435              | 7.74        | 11.82       | 1.2615                           | 9.54        | 13.62       | 1.5815         | 0.9378        | 8.44        | 13.68       |
| Dec        | 1.3283              | 7.75        | 12.13       | 1.3463                           | 9.55        | 13.93       | 1.6604         | 0.9389        | 8.45        | 13.97       |
| Jan 2001   | 1.8244              | 7.88        | 13.99       | 1.8424                           | 9.68        | 15.79       | 1.2966         | 0.9533        | 8.58        | 12.82       |
| Feb        | 1.2352              | 7.89        | 11.94       | 1.2532                           | 9.69        | 13.74       | 1.4696         | 0.9544        | 8.59        | 13.43       |
| Mar        | 1.4483              | 7.86        | 12.65       | 1.4663                           | 9.66        | 14.45       |                | 0.9511        | 8.56        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Feb 2000   | 0.9588          | 1.9849     | 0.0432       | 6.41        | 9.54        | 0.9588         | 0.8565        | 7.71        | 10.80       |
| Mar        | 1.0191          | 1.9166     | 0.0424       | 6.19        | 9.54        | 1.0191         | 0.8553        | 7.70        | 11.00       |
| Apr        | 1.1352          | 1.7399     | 0.0408       | 5.63        | 9.41        | 1.1352         | 0.8537        | 7.68        | 11.38       |
| May        | 1.2854          | 1.5514     | 0.0403       | 5.05        | 9.37        | 1.2854         | 0.8530        | 7.68        | 11.91       |
| Jun        | 1.4128          | 1.4278     | 0.0438       | 4.68        | 9.46        | 1.4128         | 0.8556        | 7.70        | 12.38       |
| Jul        | 1.2691          | 1.9726     | 0.0557       | 6.44        | 10.66       | 1.2691         | 0.8561        | 7.70        | 11.87       |
| Aug        | 1.2659          | 1.7952     | 0.0577       | 5.91        | 10.13       | 1.2659         | 0.8567        | 7.71        | 11.87       |
| Sep        | 1.2707          | 2.0137     | 0.0502       | 6.54        | 10.76       | 1.2707         | 0.8624        | 7.76        | 11.94       |
| Oct        | 1.2444          | 1.8028     | 0.0471       | 5.87        | 10.02       | 1.2444         | 0.8585        | 7.73        | 11.81       |
| Nov        | 1.5745          | 0.9149     | 0.0565       | 3.17        | 8.57        | 1.5745         | 0.8617        | 7.76        | 13.00       |
| Dec        | 1.6534          | 1.0378     | 0.0829       | 3.71        | 9.37        | 1.6534         | 0.8616        | 7.75        | 13.27       |
| Jan 2001   | 1.2896          | 1.6181     | 0.1120       | 5.68        | 9.99        | 1.2896         | 0.8765        | 7.89        | 12.13       |
| Feb        | 1.4626          | 1.4951     | 0.1199       | 5.34        | 10.27       | 1.4626         | 0.8737        | 7.86        | 12.70       |

## Producer Prices

| Month/Year | Producer Price     | Statistical Uniform Price | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price |
|------------|--------------------|---------------------------|-----------------|---------------|--------------------|---------------------|------------------------|
|            | Differential       | (at 3.50%)                |                 |               |                    | Rate                | (at test)              |
|            | <i>\$ per cwt.</i> | <i>\$ per cwt.</i>        |                 |               |                    | <i>\$ per cwt.</i>  | <i>\$ per cwt.</i>     |
| Jan 2000   | 0.43               | 10.48                     | 0.9366          | 2.1677        | 0.0503             | 0.00058             | 11.41                  |
| Feb        | 0.56               | 10.10                     | 0.9588          | 1.9849        | 0.0432             | 0.00055             | 11.04                  |
| Mar        | 0.64               | 10.18                     | 1.0191          | 1.9166        | 0.0424             | 0.00055             | 11.04                  |
| Apr        | 0.74               | 10.15                     | 1.1352          | 1.7399        | 0.0408             | 0.00055             | 11.12                  |
| May        | 0.90               | 10.27                     | 1.2854          | 1.5514        | 0.0403             | 0.00055             | 11.10                  |
| Jun        | 0.97               | 10.43                     | 1.4128          | 1.4278        | 0.0438             | 0.00056             | 11.35                  |
| Jul        | 0.70               | 11.36                     | 1.2691          | 1.9726        | 0.0557             | 0.00061             | 11.97                  |
| Aug        | 0.84               | 10.97                     | 1.2659          | 1.7952        | 0.0577             | 0.00058             | 11.76                  |
| Sep        | 0.70               | 11.46                     | 1.2707          | 2.0137        | 0.0502             | 0.00062             | 12.43                  |
| Oct        | 0.86               | 10.88                     | 1.2444          | 1.8028        | 0.0471             | 0.00058             | 12.00                  |
| Nov        | 1.43               | 10.00                     | 1.5745          | 0.9149        | 0.0565             | 0.00051             |                        |
| Dec        | 1.23               | 10.60                     | 1.6534          | 1.0378        | 0.0829             | 0.00054             |                        |
| Jan 2001   | 1.03               | 11.02                     | 1.2896          | 1.6181        | 0.1120             | 0.00056             |                        |
| Feb        | 0.88               | 11.15                     | 1.4626          | 1.4951        | 0.1199             | 0.00057             |                        |

# Summary of Federal Order Data - February 2001

| Federal Order Number / Name          | Producer Deliveries<br><i>Thousand Pounds</i> | Class I Producer Receipts | Class I Utilization<br><i>Percent</i> | Class I Price<br><i>Dollars per Cwt.</i> | Producer Price Differential | Uniform or Statistical Uniform Price |  |
|--------------------------------------|---|---------------------------|---------------------------------------|--|-----------------------------|--------------------------------------|--|
|                                      |   |                           |                                       |  |                             | Price at 3.50%                       | Change From Previous Year<br><i>Dollars per Cwt.</i> |
| 1 Northeast                          | 1,898,388                                     | 822,261                   | 43.3                                  | \$ 15.19                                 | \$ 3.35                     | \$ 13.62                             | \$ 1.41  |
| 5 Appalachian                        | 516,261                                       | 334,195                   | 64.7                                  | 15.04                                    | n/a                         | 14.48                                | 1.35   |
| 6 Florida                            | 233,682                                       | 209,315                   | 89.6                                  | 15.94                                    | n/a                         | 15.91                                | 1.51   |
| 7 Southeast                          | 619,968                                       | 379,557                   | 61.2                                  | 15.04                                    | n/a                         | 14.15                                | 1.41   |
| <b>30 Upper Midwest</b>              | <b>1,578,785</b>                              | <b>311,822</b>            | <b>19.7</b>                           | <b>13.74</b>                             | <b>0.88</b>                 | <b>11.15</b>                         | <b>1.05</b>  |
| 32 Central                           | 1,293,012                                     | 390,209                   | 30.2                                  | 13.94                                    | 1.55                        | 11.82                                | 0.82   |
| 33 Mideast                           | 1,195,216                                     | 518,605                   | 43.4                                  | 13.94                                    | 2.01                        | 12.28                                | 0.76   |
| 124 Pacific Northwest                | 498,920                                       | 159,140                   | 31.9                                  | 13.84                                    | 2.08                        | 12.35                                | 1.29   |
| 126 Southwest                        | 628,721                                       | 311,254                   | 49.5                                  | 14.94                                    | 2.97                        | 13.24                                | 1.42   |
| 131 Arizona-Las Vegas                | 245,560                                       | 77,533                    | 31.6                                  | 14.29                                    | n/a                         | 12.48                                | 1.39   |
| 135 Western                          | 293,798                                       | 81,245                    | 27.7                                  | 13.84                                    | 1.52                        | 11.79                                | 0.86   |
| <b>All Market Average or Total *</b> | <b>9,002,311</b>                              | <b>3,595,138</b>          | <b>39.9</b>                           |  |                             |                                      |  |

n/a = Not applicable. \* May not add due to rounding.

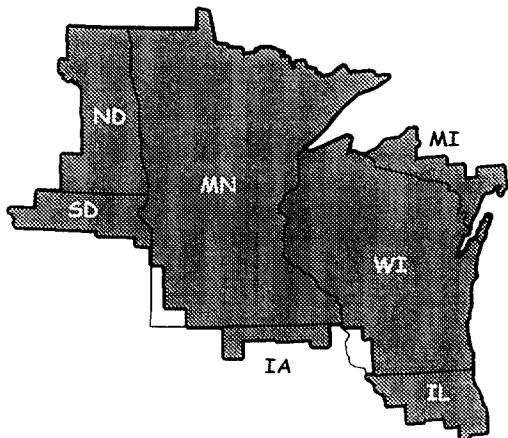
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# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

Volume 2, Issue 2

Upper Midwest Marketing Area, Federal Order No. 30

February 2001



## Ann Veneman New Secretary of Agriculture

**A**nn M. Veneman was unanimously confirmed by the United States Senate and sworn in as the 27th Secretary of the U.S. Department of Agriculture (USDA) on January 20, 2001.

Secretary Veneman brings a wealth of knowledge and understanding of agricultural policies and issues. She served as USDA Deputy Secretary from 1991 to 1993. From 1989 to 1991, Veneman served as Deputy Undersecretary of Agriculture for International Affairs and Commodity Programs. She joined USDA's Foreign Agricultural Service in 1986

and served as Associate Administrator until 1989. Veneman was actively involved in the Uruguay Round of GATT negotiations, NAFTA, and the U.S.-Canada Free Trade Agreement.

From 1995 to 1999, Veneman served as Secretary of the California Department of Food and Agriculture (CDFA). During her tenure, Secretary Veneman pioneered programs and partnerships to enhance food safety, pest and disease prevention and control and agriculture education. Secretary Veneman also made it a priority to expand global opportunities for California

agriculture.

Secretary Veneman, an attorney, was raised on a peach farm in Modesto, California. She earned her bachelor's degree in political science from the University of California at Davis, a master's degree in public policy from the University of California at Berkeley, and a juris doctorate degree from the University of California, Hastings College of Law. In her personal capacity, she currently serves as a board member of the Close Up Foundation, a nonpartisan civic education organization, based in Washington, D.C.

### Inside This Issue:

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## Preliminary Injunction on Tentative Decision

**O**n January 31, 2001, U.S. District Court Judge Royce C. Lamberth enjoined USDA from implementing portions of the interim final amendments to Federal milk

orders that became effective January 1, 2001. Therefore, the Class prices released on February 2 reflected the court ruling. The Judge's decision, as well as two related news

releases, can be obtained upon request from this office and are also available on the internet at: [www.ams.usda.gov/dairy/hearing-III\\_IV.htm](http://www.ams.usda.gov/dairy/hearing-III_IV.htm).

### Pool Summary

- In January, 16,027 producers delivered to the market with an average daily delivery of 3,563 pounds.
- Producer milk totaled 1.73 billion pounds, up 4.3% from December.
- Class I utilization totaled 344

million pounds, up 1.9% from December.

- Class I usage accounted for 19.9% of producer milk.
- The January Producer Price Differential is \$1.03 per cwt.
- The Statistical Uniform Price is \$11.02 per cwt., up \$0.54 from January 2000.
- Market statistics for January are shown on Pages 4 and 5.

### January 2001 Producer Milk by Class

|              | Percent | Pounds               | Price<br>\$/cwt. |
|--------------|---------|----------------------|------------------|
| Class I      | 19.9    | 344,435,008          | 15.79            |
| Class II     | 2.6     | 44,805,130           | 12.82            |
| Class III    | 76.8    | 1,327,325,860        | 9.99             |
| Class IV     | 0.7     | 12,170,413           | 12.13            |
| <b>Total</b> |         | <b>1,728,736,411</b> |                  |

## 2000 Annual Utilization and Classification

Annual utilization and classification for 2000 is summarized in the table to the right. Since Federal order reform and consolidation became effective on January 1, 2000, this is the first such annual information available. Therefore, no comparisons of these numbers can be made to earlier years.

Class I utilization in 2000 was 4.1 billion pounds, or 17.5% of total producer milk, as shown in the graphic below. Class I includes milk sold to consumers in fluid form.

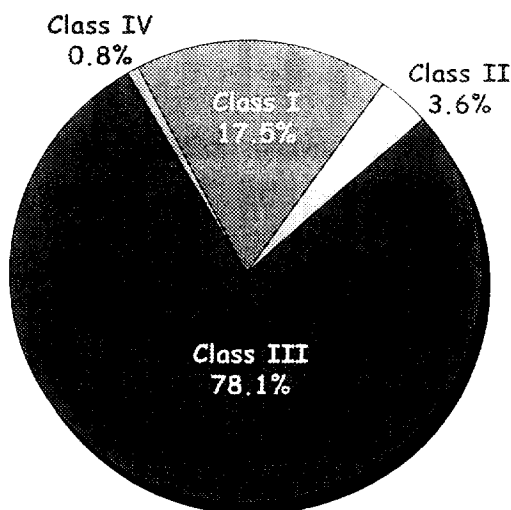
The largest usage, 18.3 billion pounds or 78.1% of the total, was in Class III. This class includes hard cheeses. Class II, which includes primarily creams and soft manufactured products, accounted for 0.8 billion pounds or 3.6% of producer milk for the year. Class IV utilization in 2000 totaled 0.2 billion pounds or 0.8% of total producer milk. Class IV includes butter and all dried milk products.

Producer milk for the year totaled 23.4 billion pounds from an average of 19,147 producers.

Average component levels of producer milk for the year were:

Butterfat - 3.73%  
Protein - 3.00%  
Other solids - 5.70%  
Nonfat solids - 8.71%

### Utilization by Class--2000



### 2000 Annual

|   | Product Pounds        | Butterfat Pounds   |
|---|-----------------------|--------------------|
| <b>Class I Utilization:</b>               |                       |                    |
| Packaged Disposition                      |                       |                    |
| Milk                                      | 637,141,896           | 20,780,225         |
| Flavored Milk                             | 87,767,733            | 2,376,688          |
| Reduced Fat Milk                          | 1,588,954,167         | 31,294,488         |
| Lowfat Milk                               | 521,504,204           | 5,140,786          |
| Fat Free Milk                             | 1,008,164,696         | 1,186,675          |
| Flavored Reduced and Fat Free Milk        | 256,623,100           | 3,184,127          |
| Buttermilk                                | 30,536,331            | 317,101            |
| Total Packaged Disposition                | 4,130,692,127         | 64,280,090         |
| Total Ending Inventory                    | 332,255,912           | 5,326,195          |
| Bulk to Nonpool Plants                    | 44,886,425            | 703,149            |
| Shrinkage                                 | 33,401,893            | 2,428,095          |
| Total Class I Utilization                 | 4,541,236,357         | 72,737,529         |
| Other Order Plants                        | (106,952,554)         | (1,388,331)        |
| Beginning Inventory                       | (338,974,779)         | (5,382,670)        |
| Reused Products                           | 0                     | 0                  |
| Other Source Milk                         | (3,720,110)           | (44,364)           |
| Overage                                   | (833,333)             | (74)               |
| Interhandler Adjustment                   | 837,758               | (57,612)           |
| <b>Class I Producer Milk</b>              | <b>4,091,593,339</b>  | <b>65,864,478</b>  |
| <b>Class II Utilization:</b>              |                       |                    |
| Total Class II Utilization                | 1,009,819,198         | 101,520,922        |
| Other Order Plants                        | (41,863,286)          | (1,267,268)        |
| Beginning Inventory                       | (30,448,363)          | (1,912,191)        |
| Reused Products                           | (85,211,703)          | (16,659)           |
| Other Source Milk                         | (18,029,432)          | (10,521,043)       |
| Overage                                   | (1,895,956)           | (98,532)           |
| <b>Class II Producer Milk</b>             | <b>832,370,458</b>    | <b>87,705,229</b>  |
| <b>Class III Utilization:</b>             |                       |                    |
| Total Class III Utilization               | 18,653,626,967        | 677,492,434        |
| Other Order Plants                        | (151,439,556)         | (5,973,761)        |
| Beginning Inventory                       | (81,435,855)          | (2,584,057)        |
| Reused Products                           | 0                     | 0                  |
| Other Source Milk                         | (121,975,807)         | (4,116,174)        |
| Overage                                   | (2,299,811)           | (117,510)          |
| <b>Class III Producer Milk</b>            | <b>18,296,475,938</b> | <b>664,700,932</b> |
| <b>Class IV Utilization:</b>              |                       |                    |
| Total Class IV Utilization                | 469,677,769           | 73,979,688         |
| Other Order Plants                        | (55,075,083)          | (4,091,001)        |
| Beginning Inventory                       | (125,583,727)         | (7,812,614)        |
| Reused Products                           | 5,148,890             | 4,222              |
| Other Source Milk                         | (97,124,103)          | (6,964,798)        |
| Overage                                   | (2,961,722)           | (251,346)          |
| <b>Class IV Producer Milk</b>             | <b>194,082,024</b>    | <b>54,864,151</b>  |
| <b>Total Producer Milk -- All Classes</b> | <b>23,414,521,759</b> | <b>873,134,790</b> |



## Milk Production Increases at Slower Pace

The U.S. Department of Agriculture final estimate of United States milk production for 2000 is a record high 168 billion pounds, up 3% from 163 billion pounds in 1999.

This was the fourth consecutive annu-

al increase, resulting in the fourth consecutive record high.

However, year-to-year increases generally declined during the year, and in December production was fractionally below the 1999 level.

U.S. production per cow for 2000 is estimated at 18,204 pounds, 432 pounds, or 2.4%, above a year earlier.

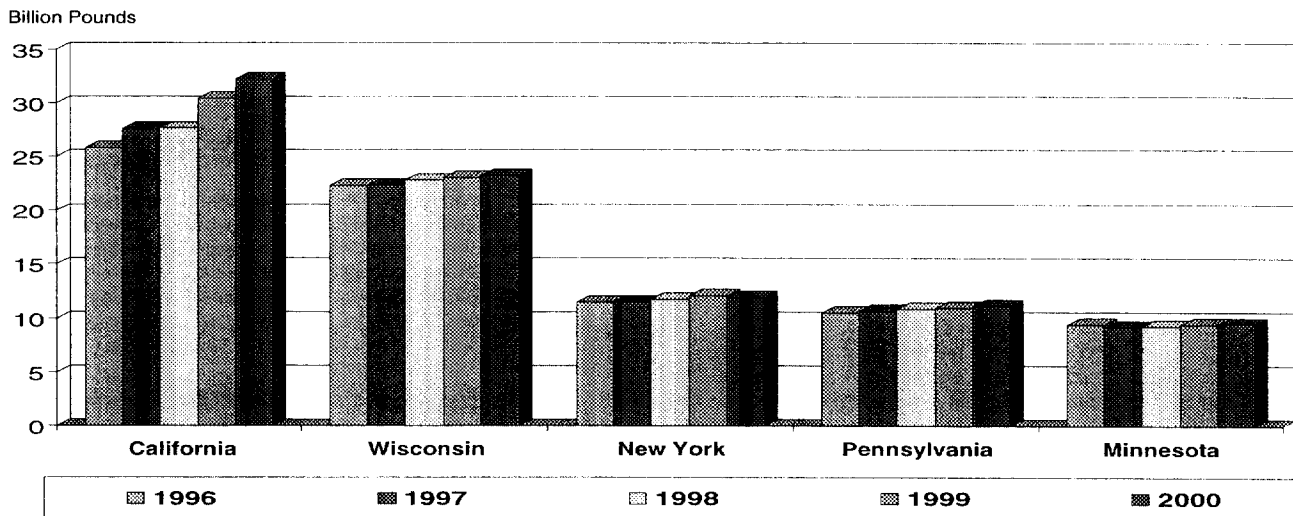
The estimated number of cows on U.S. farms in 2000 was 9.21 million head, 54,000 head more than a year earlier. This was the first increase in milk cows in 15 years.

Annual milk production in 2000 is up 0.2% in Minnesota and 0.8% in Wisconsin.

### 2000 Milk Production Top 10 Milk Producing States & U.S.

|               | Production | Change from 1999 |
|---------------|------------|------------------|
|               | Mil. Lbs.  | Percent          |
| California    | 32,240     | +5.8             |
| Wisconsin     | 23,259     | +0.8             |
| New York      | 11,920     | -1.3             |
| Pennsylvania  | 11,156     | +2.1             |
| Minnesota     | 9,493      | +0.2             |
| Idaho         | 7,223      | +11.9            |
| Texas         | 5,735      | +2.1             |
| Michigan      | 5,705      | +4.6             |
| Washington    | 5,593      | +1.0             |
| New Mexico    | 5,236      | +10.8            |
| United States | 167,658    | +3.0             |

### Milk Production -- Top 5 Milk Producing States



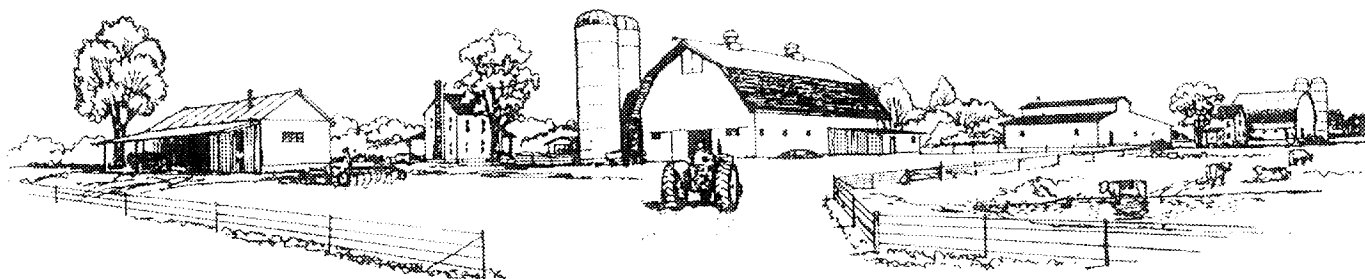
## Upper Midwest Pool Statistics - January 2001

| Market Class I Differential Rate | Pool Plants | Received at Pool Plants | Diverted to Pool and Nonpool Plants | Total         | Location Adjustment to Producers | Class I Differential to Handlers |             |
|----------------------------------|-------------|-------------------------|-------------------------------------|---------------|----------------------------------|----------------------------------|-------------|
| Cwt.                             | Number      | Pounds                  | Pounds                              | Pounds        | Value                            | Pounds                           | Value       |
| \$1.80                           | 5           | 19,226,648              | 25,572,134                          | 44,798,782    | \$ 0                             | 39,414,294                       | \$ 709,457  |
| \$1.75                           | 33          | 177,331,063             | 358,118,995                         | 535,450,058   | 267,725                          | 150,673,059                      | 2,636,779   |
| \$1.70                           | 40          | 166,512,006             | 831,160,777                         | 997,672,783   | 997,673                          | 132,312,657                      | 2,249,315   |
| \$1.65                           | 6           | 28,486,304              | 18,643,678                          | 47,129,982    | 70,695                           | 22,034,998                       | 363,578     |
| Restricted                       | 0           | 0                       | 103,684,806                         | 103,684,806   | (195,650)                        | 0                                | 0           |
| Total                            | 84          | 391,556,021             | 1,337,180,390                       | 1,728,736,411 | \$1,140,443                      | 344,435,008                      | \$5,959,129 |

# Computation of Producer Price Differential-January 2001

|   | Utilization<br>Percentage | Product<br>Pounds    | Component<br>Pounds | Rate            | Value                   |
|---|---------------------------|----------------------|---------------------|-----------------|-------------------------|
| Class I   |                           |                      |                     |                 | \$ 5,959,128.55         |
| Differential Value  |                           |                      |                     |                 |                         |
| Product   | 19.9%                     | 344,435,008          |                     |                 |                         |
| Skim Milk   |                           |                      | 338,937,021         | \$ 7.8800       | 26,708,237.27           |
| Butterfat   |                           |                      | 5,497,987           | 1.8244          | 10,030,527.47           |
| Class II  |                           |                      |                     |                 |                         |
| Product   | 2.6%                      | 44,805,130           |                     |                 |                         |
| Nonfat Solids   |                           |                      | 3,420,704           | 0.9533          | 3,260,957.13            |
| Butterfat   |                           |                      | 6,990,801           | 1.2966          | 9,064,272.56            |
| Class III   |                           |                      |                     |                 |                         |
| Product   | 76.8%                     | 1,327,325,860        |                     |                 |                         |
| Protein   |                           |                      | 40,625,414          | 1.6181          | 65,735,982.34           |
| Other Solids  |                           |                      | 75,312,296          | 0.1120          | 8,434,977.15            |
| Butterfat   |                           |                      | 48,523,906          | 1.2896          | 62,576,429.22           |
| Class IV  |                           |                      |                     |                 |                         |
| Product   | 0.7%                      | 12,170,413           |                     |                 |                         |
| Nonfat Solids   |                           |                      | 669,046             | 0.8765          | 586,418.83              |
| Butterfat   |                           |                      | 4,796,370           | 1.2896          | 6,185,398.76            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                      |                     |                 | 66,151.99               |
| <b>Total Producer Milk *</b>                                      |                           | <b>1,728,736,411</b> |                     |                 | <b>\$198,608,481.27</b> |
| Add:  |                           |                      |                     |                 |                         |
| Overage   |                           |                      |                     |                 | 83,826.57               |
| Inventory Reclassified  |                           |                      |                     |                 | (194,421.79)            |
| Other Source Milk \$.60(h)  |                           |                      |                     |                 | 0.00                    |
| Other Source Milk \$.60(i)  |                           |                      |                     |                 | 0.00                    |
| Subtract:   |                           |                      |                     |                 |                         |
| Transportation Credit   |                           |                      |                     |                 | 189,247.79              |
| Assembly Credit   |                           |                      |                     |                 | 271,532.64              |
| Credit for Reconstituted FMP                                      |                           |                      |                     |                 | 0.00                    |
| Producer Milk Protein   |                           |                      |                     |                 | 85,359,677.87           |
| Producer Milk Other Solids  |                           |                      |                     |                 | 10,975,032.34           |
| Producer Milk Butterfat   |                           |                      |                     |                 | 84,867,368.94           |
| Producer Milk SCC Adjustment                                      |                           |                      |                     |                 | 115,902.04              |
| <b>Total Milk and Value</b>                                       |                           | <b>1,728,736,411</b> |                     |                 | <b>\$ 16,719,124.43</b> |
| Add:  |                           |                      |                     |                 |                         |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                      |                     |                 | 1,140,443.11            |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                      |                     |                 | 742,680.24              |
| <b>Total Value</b>  |                           |                      |                     | <b>1.076060</b> | <b>\$ 18,602,247.78</b> |
| Subtract:   |                           |                      |                     |                 |                         |
| Producer Settlement Fund Reserve                                  |                           |                      |                     | 0.046060        | 796,262.75              |
| <b>Producer Price Differential</b> (Dollars Per Cwt.--Base Zone)  |                           |                      |                     | <b>\$1.03</b>   | <b>\$17,805,985.03</b>  |

\* An estimated 41 million pounds of milk was not pooled.



## Utilization and Classification

|   | January 2001         |                   | December 2000        | January 2000         |
|---|----------------------|-------------------|----------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |                      |
| Packaged Disposition                      |                      |                   |                      |                      |
| Milk                                      | 53,265,890           | 1,740,058         | 56,278,715           | 53,527,764           |
| Flavored Milk                             | 7,370,237            | 175,181           | 7,081,318            | 5,439,541            |
| Reduced Fat Milk                          | 136,678,366          | 2,695,146         | 136,581,140          | 134,968,593          |
| Lowfat Milk                               | 45,192,195           | 449,224           | 45,399,515           | 44,419,163           |
| Fat Free Milk                             | 85,551,957           | 97,059            | 85,499,552           | 86,661,786           |
| Flavored Reduced and Fat Free Milk        | 23,728,840           | 220,665           | 26,145,552           | 23,160,780           |
| Buttermilk                                | 2,447,732            | 19,713            | 2,922,358            | 2,898,416            |
| Total Packaged Disposition                | 354,235,217          | 5,397,046         | 359,908,150          | 351,076,043          |
| Total Ending Inventory                    | 27,336,752           | 421,987           | 25,511,614           | 26,644,781           |
| Bulk to Nonpool Plants                    | 4,545,715            | 137,936           | 2,722,662            | 1,918,610            |
| Shrinkage                                 | 2,714,101            | 96,292            | 2,323,503            | 2,208,829            |
| Total Class I Utilization                 | 388,831,785          | 6,053,261         | 390,465,929          | 381,848,263          |
| Other Order Plants                        | (16,794,377)         | (139,448)         | (17,864,861)         | (3,749,288)          |
| Beginning Inventory                       | (26,439,850)         | (399,352)         | (33,372,579)         | (28,442,810)         |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | 0                    | 0                 | --                   | (701,583)            |
| Overage                                   | --                   | --                | (324,226)            | 0                    |
| Interhandler Adjustment                   | (1,162,550)          | (16,474)          | (1,054,783)          | 2,576,556            |
| <b>Class I Producer Milk</b>              | <b>344,435,008</b>   | <b>5,497,987</b>  | <b>337,849,480</b>   | <b>351,531,138</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |                      |
| Total Class II Utilization                | 61,908,545           | 8,050,540         | 67,684,624           | 85,016,874           |
| Other Order Plants                        | (7,569,657)          | (248,904)         | (5,127,781)          | --                   |
| Beginning Inventory                       | (1,688,894)          | (167,970)         | (2,052,642)          | (3,121,909)          |
| Reused Products                           | (7,071,051)          | (4,391)           | (6,437,660)          | (10,225,591)         |
| Other Source Milk                         | (773,813)            | (638,474)         | (1,377,138)          | (1,243,419)          |
| Overage                                   | --                   | --                | (326,809)            | --                   |
| <b>Class II Producer Milk</b>             | <b>44,805,130</b>    | <b>6,990,801</b>  | <b>52,362,594</b>    | <b>70,425,955</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |                      |
| Total Class III Utilization               | 1,356,023,012        | 49,478,846        | 1,276,020,162        | 2,006,278,550        |
| Other Order Plants                        | (19,446,365)         | (661,776)         | (19,210,918)         | (2,688,029)          |
| Beginning Inventory                       | (5,449,531)          | (171,735)         | (2,402,321)          | (15,710,254)         |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | (3,748,428)          | (101,212)         | (3,325,390)          | (19,077,458)         |
| Overage                                   | (52,828)             | (20,217)          | (308,644)            | (19,141)             |
| <b>Class III Producer Milk</b>            | <b>1,327,325,860</b> | <b>48,523,906</b> | <b>1,250,772,889</b> | <b>1,968,783,668</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |                      |
| Total Class IV Utilization                | 37,449,162           | 6,739,673         | 38,461,634           | 66,820,096           |
| Other Order Plants                        | (8,230,461)          | (860,776)         | (6,364,519)          | (8,618,930)          |
| Beginning Inventory                       | (11,479,296)         | (752,349)         | (8,916,601)          | --                   |
| Reused Products                           | 0                    | 0                 | 0                    | --                   |
| Other Source Milk                         | (5,482,295)          | (327,012)         | (6,851,765)          | (15,106,388)         |
| Overage                                   | (86,697)             | (3,166)           | (319,201)            | (1,203,662)          |
| <b>Class IV Producer Milk</b>             | <b>12,170,413</b>    | <b>4,796,370</b>  | <b>16,009,548</b>    | <b>41,891,116</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>1,728,736,411</b> | <b>65,809,064</b> | <b>1,656,994,511</b> | <b>2,432,631,877</b> |

-- Restricted Information

# Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |         |         |        |        |          | Weighted Two-Week Average NASS Prices * |         |         |        |        |          |
|------------|--|---------|---------|--------|--------|----------|---|---------|---------|--------|--------|----------|
|            | Cheddar Cheese                         |         |         | Butter | NFDM   | Dry Whey | Cheddar Cheese                          |         |         | Butter | NFDM   | Dry Whey |
|            | Blocks                                 | Barrels | Average |        |        |          | Blocks                                  | Barrels | Average |        |        |          |
|            | <i>Dollars per Pound</i>               |         |         |        |        |          | <i>Dollars per Pound</i>                |         |         |        |        |          |
| Jan 2000   | 1.1417                                 | 1.1279  | 1.1517  | 0.8820 | 1.0115 | 0.1857   | 1.1652                                  | 1.1416  | 1.1696  | 0.8768 | 1.0114 | 0.1859   |
| Feb        | 1.1028                                 | 1.0793  | 1.1067  | 0.9002 | 1.0106 | 0.1788   | 1.1054                                  | 1.0804  | 1.1084  | 0.9105 | 1.0104 | 0.1800   |
| Mar        | 1.0993                                 | 1.0854  | 1.1093  | 0.9497 | 1.0094 | 0.1780   | 1.0953                                  | 1.0841  | 1.1073  | 0.9331 | 1.0098 | 0.1771   |
| Apr        | 1.0979                                 | 1.0733  | 1.1011  | 1.0449 | 1.0078 | 0.1765   | 1.0985                                  | 1.0770  | 1.1035  | 1.0618 | 1.0096 | 0.1774   |
| May        | 1.0892                                 | 1.0793  | 1.1022  | 1.1680 | 1.0071 | 0.1760   | 1.0911                                  | 1.0768  | 1.1011  | 1.1140 | 1.0100 | 0.1755   |
| Jun        | 1.0996                                 | 1.0929  | 1.1137  | 1.2725 | 1.0097 | 0.1794   | 1.0914                                  | 1.0851  | 1.1060  | 1.2911 | 1.0106 | 0.1794   |
| Jul        | 1.1992                                 | 1.2041  | 1.2189  | 1.1547 | 1.0102 | 0.1909   | 1.2013                                  | 1.2175  | 1.2269  | 1.1729 | 1.0093 | 0.1893   |
| Aug        | 1.1979                                 | 1.1104  | 1.1660  | 1.1520 | 1.0108 | 0.1929   | 1.2029                                  | 1.1406  | 1.1847  | 1.1465 | 1.0091 | 0.1940   |
| Sep        | 1.2653                                 | 1.1719  | 1.2315  | 1.1560 | 1.0166 | 0.1856   | 1.2720                                  | 1.1797  | 1.2380  | 1.1444 | 1.0168 | 0.1856   |
| Oct        | 1.1940                                 | 1.1032  | 1.1602  | 1.1344 | 1.0127 | 0.1826   | 1.2293                                  | 1.1486  | 1.2012  | 1.1337 | 1.0143 | 0.1820   |
| Nov        | 1.0284                                 | 0.9906  | 1.0245  | 1.4051 | 1.0159 | 0.1917   | 1.0343                                  | 0.9874  | 1.0259  | 1.2032 | 1.0157 | 0.1881   |
| Dec        | 1.0835                                 | 1.0645  | 1.0898  | 1.4698 | 1.0158 | 0.2172   | 1.0824                                  | 1.0702  | 1.0930  | 1.6110 | 1.0159 | 0.2194   |
| Jan 2001   | 1.0991                                 | 1.1017  | 1.1180  | 1.1725 | 1.0165 | 0.2484   | 1.1171                                  | 1.1147  | 1.1340  | 1.1279 | 1.0172 | 0.2446   |

| Month/Year | Chicago Mercantile Exchange |                |         |         |         |          |         |  |
|------------|-----------------------------|----------------|---------|---------|---------|----------|---------|--|
|            | Butter                      | Cheddar Cheese |         | NFDM    |         | Dry Whey |         |  |
|            | Grade AA                    | Blocks         | Barrels | Central | Western | Central  | Western |  |
|            | <i>Dollars per Pound</i>    |                |         |         |         |          |         |  |
| Jan 2000   | 0.9090                      | 1.1285         | 1.1101  | 1.0090  | 1.0038  | 0.1811   | 0.1911  |  |
| Feb        | 0.9245                      | 1.1090         | 1.0910  | 1.0025  | 1.0024  | 0.1751   | 0.1799  |  |
| Mar        | 1.0200                      | 1.1139         | 1.0936  | 1.0009  | 1.0000  | 0.1772   | 0.1780  |  |
| Apr        | 1.0691                      | 1.1032         | 1.0822  | 1.0000  | 1.0006  | 0.1725   | 0.1763  |  |
| May        | 1.2450                      | 1.0950         | 1.0860  | 1.0008  | 1.0022  | 0.1755   | 0.1758  |  |
| Jun        | 1.2440                      | 1.2050         | 1.1901  | 1.0122  | 1.0048  | 0.1868   | 0.1784  |  |
| Jul        | 1.1790                      | 1.2345         | 1.1916  | 1.0225  | 1.0060  | 0.1970   | 0.1855  |  |
| Aug        | 1.1933                      | 1.2460         | 1.1049  | 1.0227  | 1.0104  | 0.1804   | 0.1873  |  |
| Sep        | 1.1727                      | 1.2953         | 1.2360  | 1.0244  | 1.0100  | 0.1753   | 0.1853  |  |
| Oct        | 1.1462                      | 1.0463         | 1.0052  | 1.0233  | 1.0063  | 0.1817   | 0.1819  |  |
| Nov        | 1.6490                      | 1.0588         | 1.0306  | 1.0308  | 1.0094  | 0.2109   | 0.1913  |  |
| Dec        | 1.3700                      | 1.1233         | 1.1095  | 1.0429  | 1.0111  | 0.2528   | 0.2111  |  |
| Jan 2001   | 1.2531                      | 1.0912         | 1.0860  | 1.0364  | 1.0127  | 0.2719   | 0.2383  |  |

# Market Statistics

| Month/Year | Distributing Plants | Supply Plants | Coop .9(c) Handlers | Producers | Total Producer Milk<br><i>Mil. lbs.</i> | Estimated Average Daily Delivery<br><i>Pounds</i> | Class 1 Utilization<br><i>Percent</i> | Butterfat Test<br><i>Percent</i> | Protein Test<br><i>Percent</i> | Other Solids Test<br><i>Percent</i> | Weighted Average SCC<br><i>(000)</i> |
|------------|---------------------|---------------|---------------------|-----------|---|---|---------------------------------------|----------------------------------|--------------------------------|-------------------------------------|--------------------------------------|
| Jan 2000   | 29                  | 84            | 12                  | 22,923    | 2,433                                   | 3,486   | 14.5                                  | 3.81                             | 3.05                           | 5.66                                | 308                                  |
| Feb        | 28                  | 79            | 11                  | 22,874    | 2,269                                   | 3,491   | 14.9                                  | 3.78                             | 3.02                           | 5.68                                | 316                                  |
| Mar        | 28                  | 76            | 11                  | 21,808    | 2,261                                   | 3,389   | 16.3                                  | 3.76                             | 3.00                           | 5.72                                | 329                                  |
| Apr        | 29                  | 75            | 11                  | 20,499    | 2,069                                   | 3,415   | 15.7                                  | 3.76                             | 3.00                           | 5.72                                | 321                                  |
| May        | 29                  | 73            | 11                  | 20,091    | 2,085                                   | 3,402   | 16.8                                  | 3.67                             | 2.96                           | 5.74                                | 327                                  |
| Jun        | 29                  | 72            | 10                  | 18,854    | 1,933                                   | 3,370   | 16.9                                  | 3.64                             | 2.95                           | 5.74                                | 349                                  |
| Jul        | 26                  | 69            | 10                  | 18,195    | 1,917                                   | 3,364   | 16.4                                  | 3.59                             | 2.91                           | 5.72                                | 371                                  |
| Aug        | 27                  | 70            | 10                  | 18,083    | 1,852                                   | 3,382   | 18.6                                  | 3.59                             | 2.93                           | 5.70                                | 377                                  |
| Sep        | 25                  | 67            | 10                  | 17,362    | 1,708                                   | 3,357   | 20.2                                  | 3.68                             | 3.02                           | 5.69                                | 360                                  |
| Oct        | 25                  | 65            | 10                  | 16,870    | 1,638                                   | 3,352   | 20.9                                  | 3.78                             | 3.07                           | 5.68                                | 324                                  |
| Nov        | 26                  | 61            | 12                  | 16,223    | 1,594                                   | 3,397   | 21.7                                  | 3.83                             | 3.09                           | 5.69                                | 314                                  |
| Dec        | 27                  | 60            | 11                  | 15,978    | 1,657                                   | 3,416   | 20.4                                  | 3.85                             | 3.10                           | 5.66                                | 317                                  |
| Jan 2001   | 26                  | 58            | 11                  | 16,027    | 1,729                                   | 3,563   | 19.9                                  | 3.81                             | 3.05                           | 5.67                                | 338                                  |

\* NASS = National Agricultural Statistics Service, USDA.

# Class Prices

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |               |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Jan 2000   | 0.9854              | 7.72        | 10.90       | 1.0034                           | 9.52        | 12.70       | 0.9436         | 0.9356        | 8.42        | 11.43       |
| Feb        | 0.9302              | 7.72        | 10.71       | 0.9482                           | 9.52        | 12.51       | 0.9658         | 0.9356        | 8.42        | 11.51       |
| Mar        | 0.9713              | 7.71        | 10.84       | 0.9893                           | 9.51        | 12.64       | 1.0261         | 0.9344        | 8.41        | 11.71       |
| Apr        | 0.9989              | 7.70        | 10.93       | 1.0169                           | 9.50        | 12.73       | 1.1422         | 0.9333        | 8.40        | 12.10       |
| May        | 1.1559              | 7.70        | 11.48       | 1.1739                           | 9.50        | 13.28       | 1.2924         | 0.9333        | 8.40        | 12.63       |
| Jun        | 1.2195              | 7.70        | 11.70       | 1.2375                           | 9.50        | 13.50       | 1.4198         | 0.9333        | 8.40        | 13.08       |
| Jul        | 1.4355              | 7.71        | 12.46       | 1.4535                           | 9.51        | 14.26       | 1.2761         | 0.9344        | 8.41        | 12.58       |
| Aug        | 1.2913              | 7.70        | 11.95       | 1.3093                           | 9.50        | 13.75       | 1.2729         | 0.9333        | 8.40        | 12.56       |
| Sep        | 1.2591              | 7.70        | 11.84       | 1.2771                           | 9.50        | 13.64       | 1.2777         | 0.9333        | 8.40        | 12.58       |
| Oct        | 1.2566              | 7.76        | 11.89       | 1.2746                           | 9.56        | 13.69       | 1.2514         | 0.9400        | 8.46        | 12.54       |
| Nov        | 1.2435              | 7.74        | 11.82       | 1.2615                           | 9.54        | 13.62       | 1.5815         | 0.9378        | 8.44        | 13.68       |
| Dec        | 1.3283              | 7.75        | 12.13       | 1.3463                           | 9.55        | 13.93       | 1.6604         | 0.9389        | 8.45        | 13.97       |
| Jan 2001   | 1.8244              | 7.88        | 13.99       | 1.8424                           | 9.68        | 15.79       | 1.2966         | 0.9533        | 8.58        | 12.82       |
| Feb        | 1.2352              | 7.89        | 11.94       | 1.2532                           | 9.69        | 13.74       |                | 0.9544        | 8.59        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Jan 2000   | 0.9366          | 2.1677     | 0.0503       | 7.02        | 10.05       | 0.9366         | 0.8574        | 7.72        | 10.73       |
| Feb        | 0.9588          | 1.9849     | 0.0432       | 6.41        | 9.54        | 0.9588         | 0.8565        | 7.71        | 10.80       |
| Mar        | 1.0191          | 1.9166     | 0.0424       | 6.19        | 9.54        | 1.0191         | 0.8553        | 7.70        | 11.00       |
| Apr        | 1.1352          | 1.7399     | 0.0408       | 5.63        | 9.41        | 1.1352         | 0.8537        | 7.68        | 11.38       |
| May        | 1.2854          | 1.5514     | 0.0403       | 5.05        | 9.37        | 1.2854         | 0.8530        | 7.68        | 11.91       |
| Jun        | 1.4128          | 1.4278     | 0.0438       | 4.68        | 9.46        | 1.4128         | 0.8556        | 7.70        | 12.38       |
| Jul        | 1.2691          | 1.9726     | 0.0557       | 6.44        | 10.66       | 1.2691         | 0.8561        | 7.70        | 11.87       |
| Aug        | 1.2659          | 1.7952     | 0.0577       | 5.91        | 10.13       | 1.2659         | 0.8567        | 7.71        | 11.87       |
| Sep        | 1.2707          | 2.0137     | 0.0502       | 6.54        | 10.76       | 1.2707         | 0.8624        | 7.76        | 11.94       |
| Oct        | 1.2444          | 1.8028     | 0.0471       | 5.87        | 10.02       | 1.2444         | 0.8585        | 7.73        | 11.81       |
| Nov        | 1.5745          | 0.9149     | 0.0565       | 3.17        | 8.57        | 1.5745         | 0.8617        | 7.76        | 13.00       |
| Dec        | 1.6534          | 1.0378     | 0.0829       | 3.71        | 9.37        | 1.6534         | 0.8616        | 7.75        | 13.27       |
| Jan 2001   | 1.2896          | 1.6181     | 0.1120       | 5.68        | 9.99        | 1.2896         | 0.8765        | 7.89        | 12.13       |

# Producer Prices

| Month/Year | Producer Price Differential | Statistical Uniform Price (at 3.50%) | Butterfat Price   | Protein Price     | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|-----------------------------|--------------------------------------|-------------------|-------------------|--------------------|---------------------|----------------------------------|
|            | <i>\$ per cwt.</i>          | <i>\$ per cwt.</i>                   | <i>\$ per lb.</i> | <i>\$ per lb.</i> | <i>\$ per lb.</i>  | <i>\$ per cwt.</i>  | <i>\$ per cwt.</i>               |
| Jan 2000   | 0.43                        | 10.48                                | 0.9366            | 2.1677            | 0.0503             | 0.00058             | 11.41                            |
| Feb        | 0.56                        | 10.10                                | 0.9588            | 1.9849            | 0.0432             | 0.00055             | 11.04                            |
| Mar        | 0.64                        | 10.18                                | 1.0191            | 1.9166            | 0.0424             | 0.00055             | 11.04                            |
| Apr        | 0.74                        | 10.15                                | 1.1352            | 1.7399            | 0.0408             | 0.00055             | 11.12                            |
| May        | 0.90                        | 10.27                                | 1.2854            | 1.5514            | 0.0403             | 0.00055             | 11.10                            |
| Jun        | 0.97                        | 10.43                                | 1.4128            | 1.4278            | 0.0438             | 0.00056             | 11.35                            |
| Jul        | 0.70                        | 11.36                                | 1.2691            | 1.9726            | 0.0557             | 0.00061             | 11.97                            |
| Aug        | 0.84                        | 10.97                                | 1.2659            | 1.7952            | 0.0577             | 0.00058             | 11.76                            |
| Sep        | 0.70                        | 11.46                                | 1.2707            | 2.0137            | 0.0502             | 0.00062             | 12.43                            |
| Oct        | 0.86                        | 10.88                                | 1.2444            | 1.8028            | 0.0471             | 0.00058             |                                  |
| Nov        | 1.43                        | 10.00                                | 1.5745            | 0.9149            | 0.0565             | 0.00051             |                                  |
| Dec        | 1.23                        | 10.60                                | 1.6534            | 1.0378            | 0.0829             | 0.00054             |                                  |
| Jan 2001   | 1.03                        | 11.02                                | 1.2896            | 1.6181            | 0.1120             | 0.00056             |                                  |

# Summary of Federal Order Data - January 2001

| Federal Order Number / Name   | Producer Deliveries<br><i>--- Thousand Pounds ---</i> | Class I Producer Receipts | Class I Utilization<br><i>Percent</i> | Class I Price<br><i>Dollars per Cwt. ---</i> | Producer Price Differential | Uniform or Statistical Uniform Price              |                           |
|-------------------------------|---|---------------------------|---------------------------------------|--|-----------------------------|---|---------------------------|
|                               |   |                           |                                       |  |                             | Price at 3.50%<br><i>--- Dollars per Cwt. ---</i> | Change From Previous Year |
| 1 Northeast                   | 2,050,694   | 888,288                   | 43.3                                  | \$ 17.24                                     | \$ 3.77                     | \$ 13.76  | \$ 1.41                   |
| 5 Appalachian                 | 554,671   | 378,228                   | 68.2                                  | 17.09  | n/a                         | 15.00   | 1.68                      |
| 6 Florida                     | 259,032   | 232,905                   | 89.9                                  | 17.99  | n/a                         | 16.75   | 2.38                      |
| 7 Southeast                   | 654,218   | 423,511                   | 64.7                                  | 17.09  | n/a                         | 14.73   | 1.91                      |
| <b>30 Upper Midwest</b>       | <b>1,728,736</b>                                      | <b>344,435</b>            | <b>19.9</b>                           | <b>15.79</b>                                 | <b>1.03</b>                 | <b>11.02</b>                                      | <b>0.54</b>               |
| 32 Central                    | 1,410,871   | 434,763                   | 30.8                                  | 15.99  | 1.86                        | 11.85   | 0.62                      |
| 33 Mideast                    | 1,385,170   | 588,146                   | 42.5                                  | 15.99  | 2.55                        | 12.54   | 0.92                      |
| 124 Pacific Northwest         | 601,073   | 187,662                   | 31.2                                  | 15.89  | 2.35                        | 12.34   | 1.23                      |
| 126 Southwest                 | 748,007   | 357,747                   | 47.8                                  | 16.99  | 3.63                        | 13.62   | 1.61                      |
| 131 Arizona-Las Vegas         | 264,245   | 83,690                    | 31.7                                  | 16.34  | n/a                         | 12.37   | 1.12                      |
| 135 Western                   | 327,450   | 88,549                    | 27.0                                  | 15.89  | 1.71                        | 11.70   | 0.59                      |
| All Market Average or Total * | 9,984,169   | 4,007,925                 | 40.1                                  |  |                             |   |                           |

n/a = Not applicable. \* May not add due to rounding.

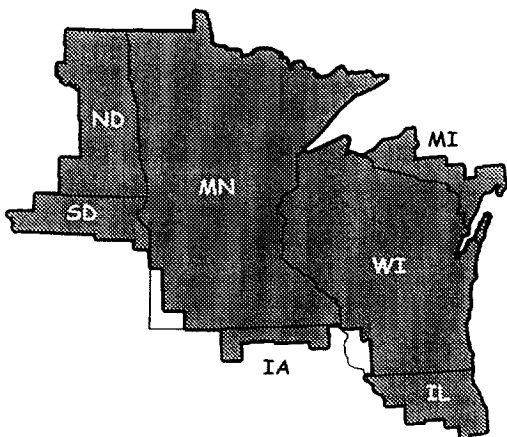
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# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

Volume 2, Issue 1

Upper Midwest Marketing Area, Federal Order No. 30

January 2001

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## Producers Approve Amended Federal Orders

Producers supplying milk for each of the 11 Federal milk markets approved amending the Class III and Class IV pricing formulas under Federal milk orders on an interim basis. The interim amended orders became effective January 1, 2001.

This Interim Final Rule responded to a Congressional mandate to reconsider the Class III and Class IV pricing formulas included in the Final Rule for the consolidation and reform of Federal milk

orders. The mandate was included in the Consolidated Appropriations Act, 2000.

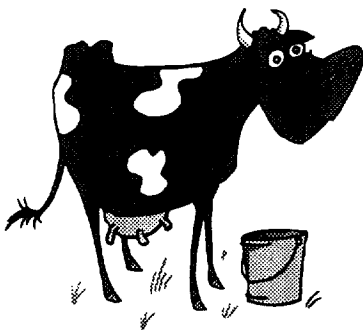
A more detailed description of changes to the formulas was contained in the December 2000 Upper Midwest Dairy News.

Interested persons have until February 5, 2001 to file comments in response to the Tentative Decision.

A Tentative Final Decision was issued because the

Congressional deadlines of December 1, 2000 for publication of a Final Decision and January 1, 2001 for effectuating order amendments did not allow enough time to issue a recommended decision and receive and consider comments before issuance of a final decision.

Copies of this rule and additional information can be accessed on USDA's web site at: [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy).



## Preliminary 2000 U.S. Milk Production Up 3.2%

Preliminary U.S. Department of Agriculture estimates indicate United States milk production for 2000 at a record high 168 billion pounds, up 3.2% from 1999.

The increase resulted from a 0.8% increase in the number of milk cows and a 2.4% gain in output per cow.

For the top five milk producing states, 2000 production,

compared to the previous year, was up 5.8% in California, 2.1% in Pennsylvania, 0.8% in Wisconsin, and 0.3% in Minnesota, but down 0.6% in New York.

## Pool Summary

- In December, 15,978 producers delivered to the market with an average daily delivery of 3,416 pounds.
- Producer milk totaled 1.66 billion pounds, up 0.6% on a daily basis from November.
- Class I utilization totaled 338

million pounds, down 5.3% on a daily basis from November.

- Class I usage accounted for 20.4% of producer milk.
- The December Producer Price Differential is \$1.23 per cwt.
- The Statistical Uniform Price is \$10.60 per cwt.
- Market statistics for December are shown on Pages 4 and 5.

## December 2000 Producer Milk by Class

|           | Percent | Pounds        | Price<br>\$/cwt. |
|-----------|---------|---------------|------------------|
| Class I   | 20.4    | 337,849,480   | 13.93            |
| Class II  | 3.1     | 52,362,594    | 13.97            |
| Class III | 75.5    | 1,250,772,889 | 9.37             |
| Class IV  | 1.0     | 16,009,548    | 13.27            |
| Total     |         | 1,656,994,511 |                  |

# Recap of Federal Order Data for 2000

The table to the right and the map below summarize data for all Federal milk orders for 2000. Comparisons to data for previous years are not made because Federal order reform and consolidation became effective January 1, 2000, making such comparisons unproductive.

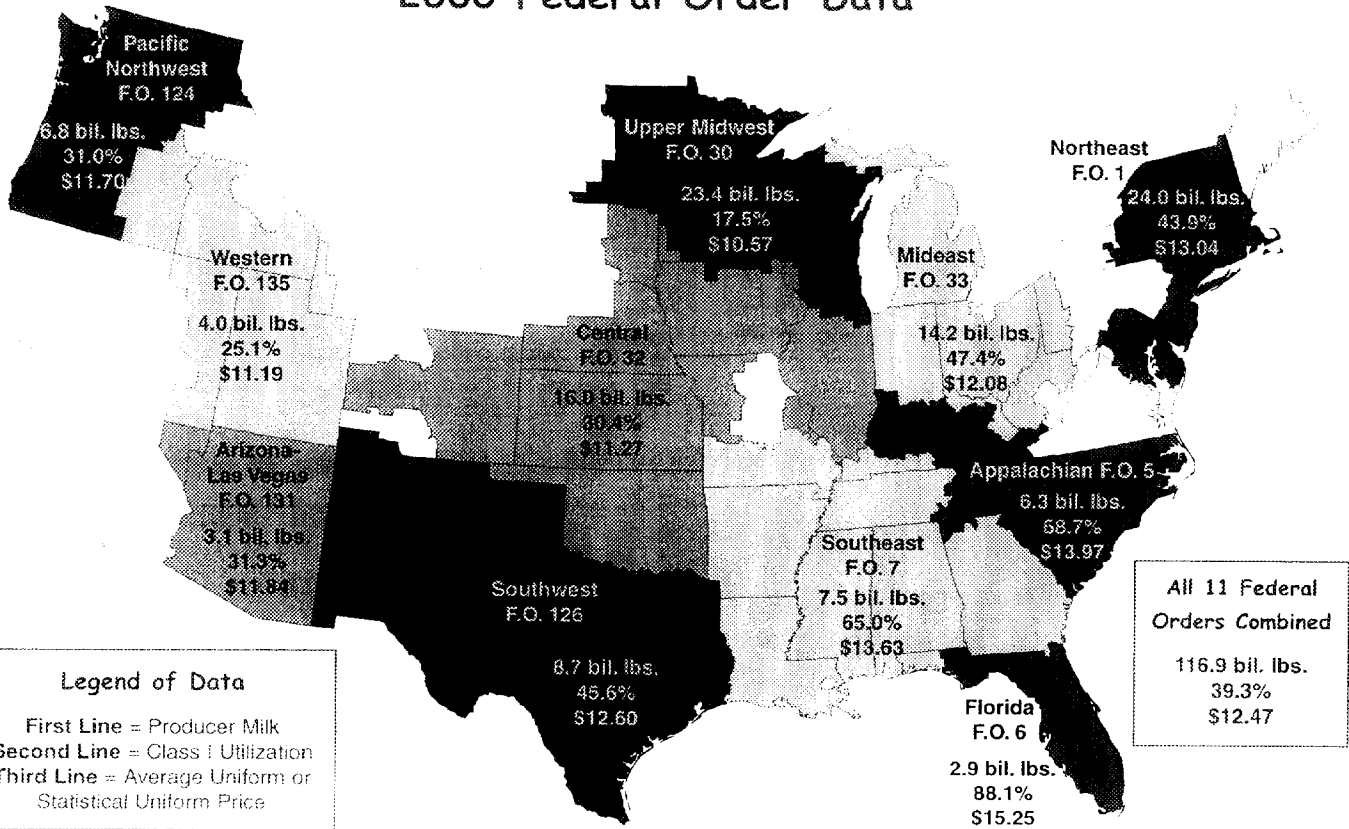
Producer milk in 2000 for all Federal orders combined totaled 117 billion pounds. Class I producer milk for all Federal orders totaled 46 billion pounds, or 39% of producer milk. Class I use ranged from 17% in the Upper Midwest Order to 88% in the Florida Order.

The simple average uniform price for all Federal orders combined for 2000 was \$12.47 per cwt. The average uniform price ranged from \$10.57 in the Upper Midwest Order to \$15.25 in the Florida Order.

Summary of Data for All Federal Orders -- 2000

|                   | Producer Deliveries    | Class I Producer Receipts | Class I Utilization |
|-------------------|------------------------|---------------------------|---------------------|
|                   | Pounds                 | Pounds                    | Percent             |
| January           | 10,227,111,244         | 3,965,295,265             | 38.8                |
| February          | 9,681,633,929          | 3,744,753,714             | 38.7                |
| March             | 10,541,585,139         | 4,038,698,473             | 38.3                |
| April             | 10,110,996,018         | 3,610,759,991             | 35.7                |
| May               | 10,176,587,583         | 3,829,902,273             | 37.6                |
| June              | 9,524,670,866          | 3,624,363,017             | 38.1                |
| July              | 9,832,089,726          | 3,548,502,786             | 36.1                |
| August            | 9,546,410,220          | 3,898,344,172             | 40.8                |
| September         | 9,171,272,878          | 3,875,310,809             | 42.3                |
| October           | 9,517,789,295          | 3,946,195,209             | 41.5                |
| November          | 9,155,752,716          | 3,955,868,525             | 43.2                |
| December          | 9,437,217,827          | 3,952,375,877             | 41.9                |
| <b>2000 Total</b> | <b>116,923,117,441</b> | <b>45,990,370,111</b>     | <b>39.3</b>         |

## 2000 Federal Order Data



**Legend of Data**

First Line = Producer Milk  
 Second Line = Class I Utilization  
 Third Line = Average Uniform or Statistical Uniform Price



## USDA Changes CCC Purchase Prices for Dairy Products

The U.S. Department of Agriculture recently announced that the Commodity Credit Corporation (CCC) purchase prices for butter, cheese, and nonfat dry milk (NFDM) bought under the Dairy Price Support Program have been adjusted.

The Agriculture, Rural Development, Food and Drug Administration, and

Related Agencies Appropriation Act, 2001, extended the price support program through calendar year (CY) 2001 at the 2000 support price of \$9.90 per cwt. for milk at 3.67% butterfat.

In addition, USDA recently announced that purchase prices for butter, cheese, and nonfat dry milk were adjusted as shown below in order to reflect the new

pricing formulas under the reformed Federal milk marketing orders. The purchase prices of butter and nonfat dry milk were adjusted in proportion to their contribution to the milk price. Therefore, there is no change in the butter / nonfat dry milk relationship.

The new purchase prices were effective January 16, 2001.

| Commodity Credit Corporation Purchase Prices   |                                     |  |         |
|--|-------------------------------------|--|---------|
|  | Produced before<br>January 16, 2001 | Produced on or after<br>January 16, 2001 | Change  |
| ----- Dollars Per Pound -----  |                                     |  |         |
| <b>Butter, U.S. Grade A or Higher</b>  |                                     |  |         |
| 25-kg. blocks: Salted  | 0.6680                              | 0.6549                                   | -0.0131 |
| <b>Nonfat Dry Milk (spray), U.S. Extra Grade<br/>(but not more than 3.5% moisture)</b> |                                     |  |         |
| 25-kg. bags: Nonfortified <sup>v</sup>   | 1.0100                              | 1.0032                                   | -0.0068 |
| Fortified (Vitamins A & D)   | 1.0200                              | 1.0132                                   | -0.0068 |
| <b>Cheddar Cheese, Standard Moisture Basis <sup>w</sup></b>                            |                                     |  |         |
| 40-pound blocks, U.S. Grade A or Higher  | 1.1220                              | 1.1314                                   | +0.0094 |
| 500-pound barrels, U.S. Extra Grade  | 1.0920                              | 1.1014                                   | +0.0094 |

<sup>v</sup> Nonfat dry milk in bags classified as "Type X" will be accepted at a discount of 0.50 cent (1/2 cent) per pound.  
<sup>w</sup> Subject to adjustment for moisture content.

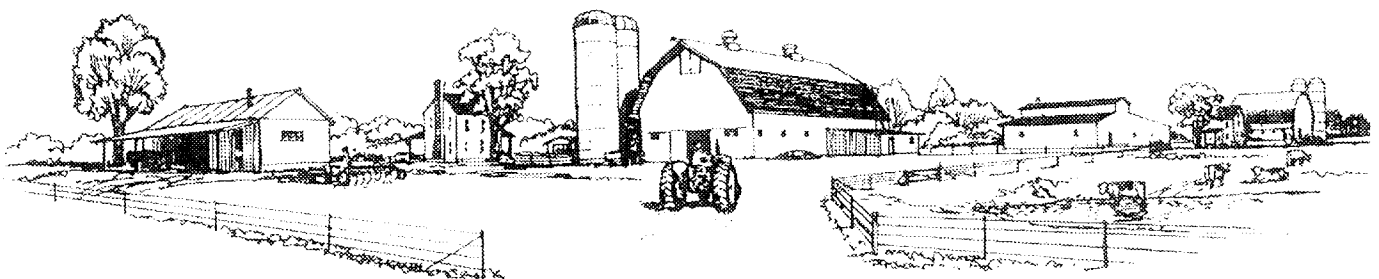
## Upper Midwest Pool Statistics - December 2000

| Market Class I<br>Differential<br>Rate | Pool<br>Plants | Received at<br>Pool Plants | Diverted to<br>Pool and<br>Nonpool Plants | Total         | Location<br>Adjustment to<br>Producers | Class I Differential<br>to Handlers |             |
|--|----------------|----------------------------|---|---------------|--|-------------------------------------|-------------|
| Cwt.                                   | Number         | Pounds                     | Pounds                                    | Pounds        | Value                                  | Pounds                              | Value       |
| \$1.80                                 | 5              | 19,310,044                 | 24,765,561                                | 44,075,605    | \$ 0                                   | 39,248,048                          | \$ 706,465  |
| \$1.75                                 | 35             | 183,261,804                | 361,054,645                               | 544,316,449   | 272,158                                | 144,457,545                         | 2,528,007   |
| \$1.70                                 | 41             | 171,943,371                | 776,048,677                               | 947,992,048   | 947,992                                | 131,966,035                         | 2,243,423   |
| \$1.65                                 | 6              | 27,209,321                 | 24,334,987                                | 51,544,308    | 77,317                                 | 22,177,852                          | 365,934     |
| Restricted                             | 0              | 0                          | 69,066,101                                | 69,066,101    | (128,461)                              | 0                                   | 0           |
| Total                                  | 87             | 401,724,540                | 1,255,269,971                             | 1,656,994,511 | \$1,169,006                            | 337,849,480                         | \$5,843,829 |

# Computation of Producer Price Differential-December 2000

|   | Utilization<br>Percentage | Product<br>Pounds    | Component<br>Pounds | Rate            | Value                   |
|---|---------------------------|----------------------|---------------------|-----------------|-------------------------|
| <b>Class I</b>  |                           |                      |                     |                 |                         |
| Differential Value  |                           |                      |                     |                 | \$ 5,843,829.12         |
| Product   | 20.4%                     | 337,849,480          |                     |                 |                         |
| Skim Milk   |                           |                      | 332,018,793         | \$ 7.7500       | 25,731,456.55           |
| Butterfat   |                           |                      | 5,830,687           | 1.3283          | 7,744,901.57            |
| <b>Class II</b>   |                           |                      |                     |                 |                         |
| Product   | 3.1%                      | 52,362,594           |                     |                 |                         |
| Nonfat Solids   |                           |                      | 4,141,946           | 0.9389          | 3,888,873.12            |
| Butterfat   |                           |                      | 6,823,779           | 1.6604          | 11,330,202.65           |
| <b>Class III</b>  |                           |                      |                     |                 |                         |
| Product   | 75.5%                     | 1,250,772,889        |                     |                 |                         |
| Protein   |                           |                      | 38,858,375          | 1.0378          | 40,327,221.57           |
| Other Solids  |                           |                      | 70,861,068          | 0.0829          | 5,874,382.49            |
| Butterfat   |                           |                      | 46,328,106          | 1.6534          | 76,598,890.48           |
| <b>Class IV</b>   |                           |                      |                     |                 |                         |
| Product   | 1.0%                      | 16,009,548           |                     |                 |                         |
| Nonfat Solids   |                           |                      | 1,011,526           | 0.8616          | 871,530.78              |
| Butterfat   |                           |                      | 4,878,207           | 1.6534          | 8,065,627.44            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                      |                     |                 | 201,219.55              |
| <b>Total Producer Milk *</b>                                      |                           | <b>1,656,994,511</b> |                     |                 | <b>\$186,478,135.32</b> |
| Add:  |                           |                      |                     |                 |                         |
| Overage   |                           |                      |                     |                 | 110,879.03              |
| Inventory Reclassified  |                           |                      |                     |                 | (19,090.04)             |
| Other Source Milk \$.60(h)  |                           |                      |                     |                 | 0.00                    |
| Other Source Milk \$.60(i)  |                           | 1,172                |                     |                 | 52.86                   |
| Subtract:   |                           |                      |                     |                 |                         |
| Transportation Credit   |                           |                      |                     |                 | 223,644.36              |
| Assembly Credit   |                           |                      |                     |                 | 268,198.34              |
| Credit for Reconstituted FMP                                      |                           |                      |                     |                 | 0.00                    |
| Producer Milk Protein   |                           |                      |                     |                 | 53,250,888.96           |
| Producer Milk Other Solids  |                           |                      |                     |                 | 7,777,596.16            |
| Producer Milk Butterfat   |                           |                      |                     |                 | 105,587,412.00          |
| Producer Milk SCC Adjustment                                      |                           |                      |                     |                 | 293,924.29              |
| <b>Total Milk and Value</b>                                       |                           | <b>1,656,995,683</b> |                     |                 | <b>\$ 19,168,313.06</b> |
| Add:  |                           |                      |                     |                 |                         |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                      |                     |                 | 1,169,006.90            |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                      |                     |                 | 759,343.58              |
| <b>Total Value</b>  |                           |                      |                     | <b>1.273188</b> | <b>\$ 21,096,663.54</b> |
| Subtract:   |                           |                      |                     |                 |                         |
| Producer Settlement Fund Reserve                                  |                           |                      |                     | 0.043188        | 715,616.64              |
| <b>Producer Price Differential</b> (Dollars Per Cwt.--Base Zone)  |                           |                      |                     | <b>\$1.23</b>   | <b>\$20,381,046.90</b>  |

\* An estimated 51 million pounds of milk was not pooled.



# Utilization and Classification

|   | December 2000        |                   | November 2000        |
|---|----------------------|-------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |
| Packaged Disposition                      |                      |                   |                      |
| Milk                                      | 56,278,715           | 1,860,897         | 54,242,176           |
| Flavored Milk                             | 7,081,318            | 200,138           | 9,266,402            |
| Reduced Fat Milk                          | 136,581,140          | 2,695,885         | 135,461,355          |
| Lowfat Milk                               | 45,399,515           | 450,958           | 44,202,907           |
| Fat Free Milk                             | 85,499,552           | 104,143           | 83,589,312           |
| Flavored Reduced and Fat Free Milk        | 26,145,552           | 569,983           | 27,169,616           |
| Buttermilk                                | 2,922,358            | 30,458            | 2,785,406            |
| Total Packaged Disposition                | 359,908,150          | 5,912,462         | 356,717,174          |
| Total Ending Inventory                    | 25,511,614           | 412,837           | 31,361,955           |
| Bulk to Nonpool Plants                    | 2,722,662            | 33,834            | 4,100,801            |
| Shrinkage                                 | 2,323,503            | 182,486           | 2,398,541            |
| Total Class I Utilization                 | 390,465,929          | 6,541,619         | 394,578,471          |
| Other Order Plants                        | (17,864,861)         | (157,676)         | (22,117,837)         |
| Beginning Inventory                       | (33,372,579)         | (528,542)         | (25,810,679)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | --                   | --                | 0                    |
| Overage                                   | (324,226)            | 0                 | --                   |
| Interhandler Adjustment                   | (1,054,783)          | (24,714)          | (1,406,851)          |
| <b>Class I Producer Milk</b>              | <b>337,849,480</b>   | <b>5,830,687</b>  | <b>345,243,104</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |
| Total Class II Utilization                | 67,684,624           | 8,045,027         | 78,628,510           |
| Other Order Plants                        | (5,127,781)          | (151,360)         | (7,450,090)          |
| Beginning Inventory                       | (2,052,642)          | (191,387)         | (3,870,277)          |
| Reused Products                           | (6,437,660)          | (1,948)           | (8,484,003)          |
| Other Source Milk                         | (1,377,138)          | (876,553)         | (2,529,957)          |
| Overage                                   | (326,809)            | 0                 | --                   |
| <b>Class II Producer Milk</b>             | <b>52,362,594</b>    | <b>6,823,779</b>  | <b>56,294,183</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |
| Total Class III Utilization               | 1,276,020,162        | 47,229,276        | 1,215,318,886        |
| Other Order Plants                        | (19,210,918)         | (659,616)         | (24,658,939)         |
| Beginning Inventory                       | (2,402,321)          | (109,644)         | (4,240,373)          |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (3,325,390)          | (122,444)         | (2,454,323)          |
| Overage                                   | (308,644)            | (9,466)           | (283,570)            |
| <b>Class III Producer Milk</b>            | <b>1,250,772,889</b> | <b>46,328,106</b> | <b>1,183,681,681</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |
| Total Class IV Utilization                | 38,461,634           | 6,764,191         | 31,314,692           |
| Other Order Plants                        | (6,364,519)          | (853,839)         | (6,100,296)          |
| Beginning Inventory                       | (8,916,601)          | (622,152)         | (10,999,444)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (6,851,765)          | (409,358)         | (5,449,374)          |
| Overage                                   | (319,201)            | (635)             | (27,383)             |
| <b>Class IV Producer Milk</b>             | <b>16,009,548</b>    | <b>4,878,207</b>  | <b>8,738,195</b>     |
| <b>Total Producer Milk -- All Classes</b> | <b>1,656,994,511</b> | <b>63,860,779</b> | <b>1,593,957,163</b> |

-- Restricted Information

## Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |         |         |        |        |          | Weighted Two-Week Average NASS Prices * |         |         |        |        |          |
|------------|--|---------|---------|--------|--------|----------|---|---------|---------|--------|--------|----------|
|            | Blocks                                 | Barrels | Average | Butter | NFDM   | Dry Whey | Blocks                                  | Barrels | Average | Butter | NFDM   | Dry Whey |
|            | <i>Dollars per Pound</i>               |         |         |        |        |          |   |         |         |        |        |          |
| Dec 1999   | 1.1319                                 | 1.1096  | 1.1371  | 0.9179 | 1.0111 | 0.1892   | 1.1191                                  | 1.1008  | 1.1268  | 0.9220 | 1.0125 | 0.1870   |
| Jan 2000   | 1.1417                                 | 1.1279  | 1.1517  | 0.8820 | 1.0115 | 0.1857   | 1.1652                                  | 1.1416  | 1.1696  | 0.8768 | 1.0114 | 0.1859   |
| Feb        | 1.1028                                 | 1.0793  | 1.1067  | 0.9002 | 1.0106 | 0.1788   | 1.1054                                  | 1.0804  | 1.1084  | 0.9105 | 1.0104 | 0.1800   |
| Mar        | 1.0993                                 | 1.0854  | 1.1093  | 0.9497 | 1.0094 | 0.1780   | 1.0953                                  | 1.0841  | 1.1073  | 0.9331 | 1.0098 | 0.1771   |
| Apr        | 1.0979                                 | 1.0733  | 1.1011  | 1.0449 | 1.0078 | 0.1765   | 1.0985                                  | 1.0770  | 1.1035  | 1.0618 | 1.0096 | 0.1774   |
| May        | 1.0892                                 | 1.0793  | 1.1022  | 1.1680 | 1.0071 | 0.1760   | 1.0911                                  | 1.0768  | 1.1011  | 1.1140 | 1.0100 | 0.1755   |
| Jun        | 1.0996                                 | 1.0929  | 1.1137  | 1.2725 | 1.0097 | 0.1794   | 1.0914                                  | 1.0851  | 1.1060  | 1.2911 | 1.0106 | 0.1794   |
| Jul        | 1.1992                                 | 1.2041  | 1.2189  | 1.1547 | 1.0102 | 0.1909   | 1.2013                                  | 1.2175  | 1.2269  | 1.1729 | 1.0093 | 0.1893   |
| Aug        | 1.1979                                 | 1.1104  | 1.1660  | 1.1520 | 1.0108 | 0.1929   | 1.2029                                  | 1.1406  | 1.1847  | 1.1465 | 1.0091 | 0.1940   |
| Sep        | 1.2653                                 | 1.1719  | 1.2315  | 1.1560 | 1.0166 | 0.1856   | 1.2720                                  | 1.1797  | 1.2380  | 1.1444 | 1.0168 | 0.1856   |
| Oct        | 1.1940                                 | 1.1032  | 1.1602  | 1.1344 | 1.0127 | 0.1826   | 1.2293                                  | 1.1486  | 1.2012  | 1.1337 | 1.0143 | 0.1820   |
| Nov        | 1.0284                                 | 0.9906  | 1.0245  | 1.4051 | 1.0159 | 0.1917   | 1.0343                                  | 0.9874  | 1.0259  | 1.2032 | 1.0157 | 0.1881   |
| Dec        | 1.0835                                 | 1.0645  | 1.0898  | 1.4698 | 1.0158 | 0.2172   | 1.0824                                  | 1.0702  | 1.0930  | 1.6110 | 1.0159 | 0.2194   |

| Month/Year | Chicago Mercantile Exchange  |               |        |         |         |          |         |  |
|------------|------------------------------|---------------|--------|---------|---------|----------|---------|--|
|            | Butter Prices<br>Grade AA ** | Cheese Prices |        | NFDM    |         | Dry Whey |         |  |
|            |                              | 40 lb. Block  | Barrel | Central | Western | Central  | Western |  |
|            | <i>Dollars per Pound</i>     |               |        |         |         |          |         |  |
| Dec 1999   | 0.9163                       | 1.1545        | 1.1475 | 1.0168  | 1.0039  | 0.1865   | 0.2004  |  |
| Jan 2000   | 0.9090                       | 1.1285        | 1.1101 | 1.0090  | 1.0038  | 0.1811   | 0.1911  |  |
| Feb        | 0.9245                       | 1.1090        | 1.0910 | 1.0025  | 1.0024  | 0.1751   | 0.1799  |  |
| Mar        | 1.0200                       | 1.1139        | 1.0936 | 1.0009  | 1.0000  | 0.1772   | 0.1780  |  |
| Apr        | 1.0691                       | 1.1032        | 1.0822 | 1.0000  | 1.0006  | 0.1725   | 0.1763  |  |
| May        | 1.2450                       | 1.0950        | 1.0860 | 1.0008  | 1.0022  | 0.1755   | 0.1758  |  |
| Jun        | 1.2440                       | 1.2050        | 1.1901 | 1.0122  | 1.0048  | 0.1868   | 0.1784  |  |
| Jul        | 1.1790                       | 1.2345        | 1.1916 | 1.0225  | 1.0060  | 0.1970   | 0.1855  |  |
| Aug        | 1.1933                       | 1.2460        | 1.1049 | 1.0227  | 1.0104  | 0.1804   | 0.1873  |  |
| Sep        | 1.1727                       | 1.2953        | 1.2360 | 1.0244  | 1.0100  | 0.1753   | 0.1853  |  |
| Oct        | 1.1462                       | 1.0463        | 1.0052 | 1.0233  | 1.0063  | 0.1817   | 0.1819  |  |
| Nov        | 1.6490                       | 1.0588        | 1.0306 | 1.0308  | 1.0094  | 0.2109   | 0.1913  |  |
| Dec        | 1.3700                       | 1.1233        | 1.1095 | 1.0429  | 1.0111  | 0.2528   | 0.2111  |  |

## Market Statistics

| Month/Year | Distributing<br>Plants | Supply<br>Plants | Coop .9(c)<br>Handlers | Producers | Total<br>Producer<br>Milk | Estimated<br>Average Daily<br>Delivery | Butterfat<br>Test | Protein<br>Test | Other<br>Solids<br>Test | Weighted<br>Average<br>SCC |
|------------|------------------------|------------------|------------------------|-----------|---------------------------|--|-------------------|-----------------|-------------------------|----------------------------|
|            |                        |                  |                        |           | <i>Mil. lbs.</i>          | <i>Pounds</i>                          | <i>Percent</i>    | <i>Percent</i>  | <i>Percent</i>          | <i>(000)</i>               |
| Jan 2000   | 29                     | 84               | 12                     | 22,923    | 2,433                     | 3,486                                  | 3.81              | 3.05            | 5.66                    | 308                        |
| Feb        | 28                     | 79               | 11                     | 22,874    | 2,269                     | 3,491                                  | 3.78              | 3.02            | 5.68                    | 316                        |
| Mar        | 28                     | 76               | 11                     | 21,808    | 2,261                     | 3,389                                  | 3.76              | 3.00            | 5.72                    | 329                        |
| Apr        | 29                     | 75               | 11                     | 20,499    | 2,069                     | 3,415                                  | 3.76              | 3.00            | 5.72                    | 321                        |
| May        | 29                     | 73               | 11                     | 20,091    | 2,085                     | 3,402                                  | 3.67              | 2.96            | 5.74                    | 327                        |
| Jun        | 29                     | 72               | 10                     | 18,854    | 1,933                     | 3,370                                  | 3.64              | 2.95            | 5.74                    | 349                        |
| Jul        | 26                     | 69               | 10                     | 18,195    | 1,917                     | 3,364                                  | 3.59              | 2.91            | 5.72                    | 371                        |
| Aug        | 27                     | 70               | 10                     | 18,083    | 1,852                     | 3,382                                  | 3.59              | 2.93            | 5.70                    | 377                        |
| Sep        | 25                     | 67               | 10                     | 17,362    | 1,708                     | 3,357                                  | 3.68              | 3.02            | 5.69                    | 360                        |
| Oct        | 25                     | 65               | 10                     | 16,870    | 1,638                     | 3,352                                  | 3.78              | 3.07            | 5.68                    | 324                        |
| Nov        | 26                     | 61               | 12                     | 16,223    | 1,594                     | 3,397                                  | 3.83              | 3.09            | 5.69                    | 314                        |
| Dec        | 27                     | 60               | 11                     | 15,978    | 1,657                     | 3,416                                  | 3.85              | 3.10            | 5.66                    | 317                        |
| Jan 2001   |                        |                  |                        |           |                           |  |                   |                 |                         |                            |

\* NASS = National Agricultural Statistics Service, USDA. \*\* Prices prior to January 2000 are FMMA reported prices.

# Class Prices \*

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |            |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Butterfat      | Nonfat     |             | 3.50%       |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i> | <i>cwt.</i> | <i>cwt.</i> |
| Dec 1999   | 1.1652              | 7.78        | 11.59       | 1.1832                           | 9.58        | 13.39       | 0.9874         | 0.9422     | 8.48        | 11.64       |
| Jan 2000   | 0.9854              | 7.72        | 10.90       | 1.0034                           | 9.52        | 12.70       | 0.9436         | 0.9356     | 8.42        | 11.43       |
| Feb        | 0.9302              | 7.72        | 10.71       | 0.9482                           | 9.52        | 12.51       | 0.9658         | 0.9356     | 8.42        | 11.51       |
| Mar        | 0.9713              | 7.71        | 10.84       | 0.9893                           | 9.51        | 12.64       | 1.0261         | 0.9344     | 8.41        | 11.71       |
| Apr        | 0.9989              | 7.70        | 10.93       | 1.0169                           | 9.50        | 12.73       | 1.1422         | 0.9333     | 8.40        | 12.10       |
| May        | 1.1559              | 7.70        | 11.48       | 1.1739                           | 9.50        | 13.28       | 1.2924         | 0.9333     | 8.40        | 12.63       |
| Jun        | 1.2195              | 7.70        | 11.70       | 1.2375                           | 9.50        | 13.50       | 1.4198         | 0.9333     | 8.40        | 13.08       |
| Jul        | 1.4355              | 7.71        | 12.46       | 1.4535                           | 9.51        | 14.26       | 1.2761         | 0.9344     | 8.41        | 12.58       |
| Aug        | 1.2913              | 7.70        | 11.95       | 1.3093                           | 9.50        | 13.75       | 1.2729         | 0.9333     | 8.40        | 12.56       |
| Sep        | 1.2591              | 7.70        | 11.84       | 1.2771                           | 9.50        | 13.64       | 1.2777         | 0.9333     | 8.40        | 12.58       |
| Oct        | 1.2566              | 7.76        | 11.89       | 1.2746                           | 9.56        | 13.69       | 1.2514         | 0.9400     | 8.46        | 12.54       |
| Nov        | 1.2435              | 7.74        | 11.82       | 1.2615                           | 9.54        | 13.62       | 1.5815         | 0.9378     | 8.44        | 13.68       |
| Dec        | 1.3283              | 7.75        | 12.13       | 1.3463                           | 9.55        | 13.93       | 1.6604         | 0.9389     | 8.45        | 13.97       |
| Jan 2001   | 1.8244              | 7.88        | 13.99       | 1.8424                           | 9.68        | 15.79       |                | 0.9533     | 8.58        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Dec 1999   | 0.9804          | 2.0615     | 0.0539       | 6.71        | 9.91        | 0.9804         | 0.8570        | 7.71        | 10.87       |
| Jan 2000   | 0.9366          | 2.1677     | 0.0503       | 7.02        | 10.05       | 0.9366         | 0.8574        | 7.72        | 10.73       |
| Feb        | 0.9588          | 1.9849     | 0.0432       | 6.41        | 9.54        | 0.9588         | 0.8565        | 7.71        | 10.80       |
| Mar        | 1.0191          | 1.9166     | 0.0424       | 6.19        | 9.54        | 1.0191         | 0.8553        | 7.70        | 11.00       |
| Apr        | 1.1352          | 1.7399     | 0.0408       | 5.63        | 9.41        | 1.1352         | 0.8537        | 7.68        | 11.38       |
| May        | 1.2854          | 1.5514     | 0.0403       | 5.05        | 9.37        | 1.2854         | 0.8530        | 7.68        | 11.91       |
| Jun        | 1.4128          | 1.4278     | 0.0438       | 4.68        | 9.46        | 1.4128         | 0.8556        | 7.70        | 12.38       |
| Jul        | 1.2691          | 1.9726     | 0.0557       | 6.44        | 10.66       | 1.2691         | 0.8561        | 7.70        | 11.87       |
| Aug        | 1.2659          | 1.7952     | 0.0577       | 5.91        | 10.13       | 1.2659         | 0.8567        | 7.71        | 11.87       |
| Sep        | 1.2707          | 2.0137     | 0.0502       | 6.54        | 10.76       | 1.2707         | 0.8624        | 7.76        | 11.94       |
| Oct        | 1.2444          | 1.8028     | 0.0471       | 5.87        | 10.02       | 1.2444         | 0.8585        | 7.73        | 11.81       |
| Nov        | 1.5745          | 0.9149     | 0.0565       | 3.17        | 8.57        | 1.5745         | 0.8617        | 7.76        | 13.00       |
| Dec        | 1.6534          | 1.0378     | 0.0829       | 3.71        | 9.37        | 1.6534         | 0.8616        | 7.75        | 13.27       |

# Producer Prices

| Month/Year | Producer Price Differential | Statistical Uniform Price (at 3.50%) | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|-----------------------------|--------------------------------------|-----------------|---------------|--------------------|---------------------|----------------------------------|
|            | <i>cwt.</i>                 | <i>cwt.</i>                          | <i>lb.</i>      | <i>lb.</i>    | <i>lb.</i>         | <i>cwt.</i>         | <i>cwt.</i>                      |
| Jan 2000   | \$0.43                      | \$10.48                              | \$0.9366        | \$2.1677      | \$0.0503           | \$0.00058           | \$11.41                          |
| Feb        | 0.56                        | 10.10                                | 0.9588          | 1.9849        | 0.0432             | 0.00055             | 11.04                            |
| Mar        | 0.64                        | 10.18                                | 1.0191          | 1.9166        | 0.0424             | 0.00055             | 11.04                            |
| Apr        | 0.74                        | 10.15                                | 1.1352          | 1.7399        | 0.0408             | 0.00055             | 11.12                            |
| May        | 0.90                        | 10.27                                | 1.2854          | 1.5514        | 0.0403             | 0.00055             | 11.10                            |
| Jun        | 0.97                        | 10.43                                | 1.4128          | 1.4278        | 0.0438             | 0.00056             | 11.35                            |
| Jul        | 0.70                        | 11.36                                | 1.2691          | 1.9726        | 0.0557             | 0.00061             | 11.97                            |
| Aug        | 0.84                        | 10.97                                | 1.2659          | 1.7952        | 0.0577             | 0.00058             | 11.76                            |
| Sep        | 0.70                        | 11.46                                | 1.2707          | 2.0137        | 0.0502             | 0.00062             |                                  |
| Oct        | 0.86                        | 10.88                                | 1.2444          | 1.8028        | 0.0471             | 0.00058             |                                  |
| Nov        | 1.43                        | 10.00                                | 1.5745          | 0.9149        | 0.0565             | 0.00051             |                                  |
| Dec        | 1.23                        | 10.60                                | 1.6534          | 1.0378        | 0.0829             | 0.00054             |                                  |
| Jan 2001   |                             |                                      |                 |               |                    |                     |                                  |

\* Prices prior to January 2000 are estimated.

# Summary of Federal Order Data - December 2000

| Federal Order Number / Name   | Producer Deliveries    | Class I Producer Receipts | Class I Utilization | Class I Price | Producer Price Differential | Statistical Uniform Price at 3.50% |
|-------------------------------|------------------------|---------------------------|---------------------|---------------|-----------------------------|------------------------------------|
|                               | <i>Thousand Pounds</i> |                           | <i>Percent</i>      |               | <i>Dollars per Cwt.</i>     |                                    |
| 1 Northeast                   | 1,954,446              | 936,890                   | 47.9                | \$ 15.38      | \$ 4.35                     | \$ 13.72                           |
| 5 Appalachian                 | 558,222                | 370,346                   | 66.3                | 15.23         | n/a                         | 14.83                              |
| 6 Florida                     | 253,076                | 218,778                   | 86.4                | 16.13         | n/a                         | 16.10                              |
| 7 Southeast                   | 619,493                | 410,947                   | 66.3                | 15.23         | n/a                         | 14.51                              |
| 30 Upper Midwest              | 1,656,995              | 337,849                   | 20.4                | 13.93         | 1.23                        | 10.60                              |
| 32 Central                    | 1,402,889              | 428,504                   | 30.5                | 14.13         | 2.01                        | 11.38                              |
| 33 Mideast                    | 1,245,776              | 577,956                   | 46.4                | 14.13         | 2.79                        | 12.16                              |
| 124 Pacific Northwest         | 532,105                | 177,156                   | 33.3                | 14.03         | 2.90                        | 12.27                              |
| 126 Southwest                 | 661,982                | 330,306                   | 49.9                | 15.13         | 3.54                        | 12.91                              |
| 131 Arizona-Las Vegas         | 251,489                | 81,191                    | 32.3                | 14.48         | n/a                         | 12.40                              |
| 135 Western                   | 300,745                | 82,451                    | 27.4                | 14.03         | 1.83                        | 11.20                              |
| All Market Average or Total * | 9,437,218              | 3,952,376                 | 41.9                |               |                             |                                    |

n/a = Not applicable. \* May not add due to rounding.

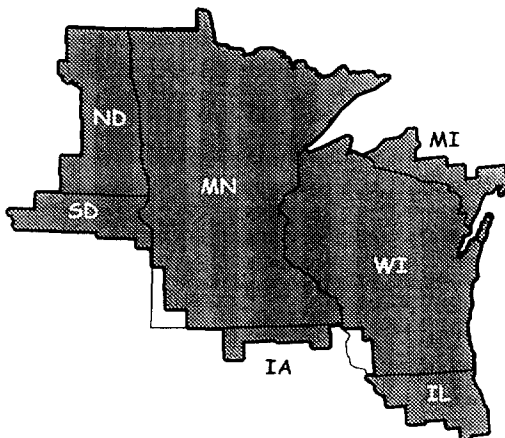
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# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

Volume 1, Issue 11

Upper Midwest Marketing Area, Federal Order No. 30

December 2000

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## Tentative Decision on Class III and IV Pricing

On December 1, 2000, the U.S. Department of Agriculture announced a Tentative Final Decision to amend the current Class III and Class IV pricing formulas under all Federal milk orders. This Decision is based on testimony and data presented at a public hearing held May 8-12, 2000 in Alexandria, Virginia to consider proposals submitted by the industry to change the formulas.

The hearing and Decision respond to a Congressional mandate to reconsider the Class III and Class IV pricing formulas included in the Final Rule for the consolidation and reform of Federal milk orders. The mandate was included in the Consolidated Appropriations Act, 2000.

USDA is in the process of determining whether dairy farmers approve the amended orders. The amended orders are expected to be imple-

mented by January 1, 2001, if approved by dairy farmers.

The Decision provides for separate butterfat prices for milk used in Class III (cheese) and Class IV (butter and dry milk products) based on the value of butterfat in cheese and butter. The manufacturing (make) allowance for cheese is proposed to be reduced slightly, from 17.02¢ per pound of cheese to 16.5¢. The make allowance for dry whey, also a factor in calculating the Class III value, would be increased from 13.7¢ to 14.0¢ per pound of dry whey.

The make allowances used in calculating the Class IV value are proposed to increase slightly, from 11.4¢ to 11.5¢ per pound of butter and from 13.7¢ to 14.0¢ per pound of nonfat dry milk.

The proposed changes are expected to have limited

impact on returns to dairy farmers.

Interested persons have until February 5, 2001 to file comments in response to the Tentative Decision.

A Tentative Final Decision was issued because the Congressional deadlines of December 1 for publication of a Final Decision and January 1 for effectuating order amendments did not allow enough time to issue a recommended decision and receive and consider comments before issuance of a final decision.

A more detailed description of changes to the formulas is contained on Pages 2 and 3.

A copy of the Decision can be requested from this office at (952) 831-5292. In addition, an electronic version is available on our web page at: [www.fmmampls.com](http://www.fmmampls.com).

## Pool Summary

- In November, 16,223 producers delivered to the market with an average daily delivery of 3,397 pounds.
- Producer milk totaled 1.59 billion pounds, up 0.6% on a daily basis from October.
- Class I utilization totaled 345

million pounds, up 4.1% on a daily basis from October.

- Class I usage accounted for 21.7% of producer milk.
- The November Producer Price Differential is \$1.43 per cwt.
- The Statistical Uniform Price is \$10.00 per cwt.
- Market statistics for November are shown on Pages 4 and 5.

## November 2000 Producer Milk by Class

|           | Percent | Pounds        | Price<br>\$/cwt. |
|-----------|---------|---------------|------------------|
| Class I   | 21.7    | 345,243,104   | 13.62            |
| Class II  | 3.5     | 56,294,183    | 13.68            |
| Class III | 74.3    | 1,183,681,681 | 8.57             |
| Class IV  | 0.5     | 8,738,195     | 13.00            |
| Total     |         | 1,593,957,163 |                  |

## Selected Summary of Tentative Final Decision \*

The Tentative Final Decision described on Page 1 proposes changes to the Class III and Class IV pricing formulas in all Federal milk orders. This article gives a more detailed description of the proposed changes.

The primary change in component price formulas adds a formula for a Class III butterfat price to reflect the value of butterfat used in cheddar cheese.

**Make Allowances:** The make allowances are adjusted slightly as follows:

- The butter make allowance is increased from \$0.114 to \$0.115.
- The nonfat dry milk make allowance is increased from \$0.137 to \$0.14.
- The cheddar cheese make allowance is reduced from \$0.1702 to \$0.165.
- The whey powder make allowance is increased from \$0.137 to \$0.14.

**The primary change in component price formulas adds a formula for a Class III butterfat price to reflect the value of butterfat used in cheese.**

**CME vs. NASS:** This decision makes no changes in the source of product price data.

As adopted in the final rule on Federal order reform and consolidation (published on September 1, 1999 (64 FR 47898)), commodity prices determined

by surveys conducted by USDA's National Agricultural Statistics Service (NASS) are currently being used in the component price formulas that replaced the BFP.

Cheese prices will continue to be calculated using the weighted average of the NASS 500-pound barrel price plus 3 cents and the NASS 40-pound block price.

**The Class I price mover will use the higher of the advanced Class III or advanced Class IV prices at 3.5% butterfat.**

**Cheese Moisture Content:** The current practice of using the 40-pound block cheese price unadjusted for moisture and the 500-pound barrel price adjusted for moisture will be continued. However, the barrel price will be adjusted to 38% moisture instead of the current 39%.

The coefficients originally used for determining the Class III protein price and the Class III butterfat price, and used in the formulas in this decision, were derived from using the Van Slyke cheese yield formula at 38% moisture. Therefore, it is appropriate to use cheese prices that reflect cheese containing 38% moisture.

**Class III & IV Butterfat Price:** The Tentative Decision uses the concept of reflecting the value of a manufactured product in the prices for the milk components that are instrumental in the yield of that product. Therefore, the Class III protein and butterfat prices should be tied more directly to their value in the cheese produced using

those components. Consequently, the Decision deemed it is necessary to separate the value of butterfat used in the manufacture of cheese from the value of that component in butter.

**Class III Butterfat Price Formula:** (NASS weighted average cheese price - \$0.165) X 1.582.

**Class IV Butterfat Price Formula:** (NASS weighted average AA butter price - \$0.115) / 0.82.

**Class I Price Mover:** Because of changes in the Class III and Class IV pricing formulas made in this decision, especially the adoption of different butterfat prices for the two classes, a conforming change should be made to the procedure for calculating the Class I butterfat and hundredweight prices.

Thus, the Class I price mover will use the higher of the advanced Class III or advanced Class IV prices per hundredweight at 3.5% butterfat. The skim milk and butterfat prices associated with the higher of the advanced 3.5% prices will be used to calculate Class I prices.

**Protein Price:** The butterfat adjustor in the current protein formula is removed, and the protein price formula reflects solely the value of protein used in cheddar cheese.

Removal of the butterfat factor from the protein price formula eliminates the issue of the 1.28 butterfat-to-protein ratio.

**Protein Price Formula:** (NASS weighted average cheese price - \$0.165) X 1.405.

**Other Solids Price:** The manufacturing allowance for dry whey is increased from 13.7 cents to 14 cents



per pound of dry whey to reflect the increase in the NFDM make allowance. The decision would snub the other solids price at zero rather than allowing it to become a negative factor in determining payments to producers.

Other Solids Price Formula: (NASS weighted average dry whey price - \$0.14) / 0.968.

Nonfat Solids Price: This Decision increases the make allowance for nonfat dry milk from 13.7 cents to 14 cents per pound of nonfat dry milk. In addition, the 1.02 divisor used in the current nonfat solids price formula to reflect the incorporation of dry butter-milk (with a lower product price and

higher make allowance) in the nonfat solids price formula is changed to 1; or, in other words, eliminated.

Nonfat Solids Price Formula: (NASS weighted average nonfat dry milk price - \$0.14).

Producer Butterfat Price: Producers will now be paid for butterfat based on a weighted average butterfat price rather than the Class III butterfat price. This weighted average will be based on the combined value of butterfat in all classes of milk.

Classification: As a conforming change to the development of different prices for butterfat used in Class III and

Class IV products, the classification of anhydrous milkfat, butteroil, and plastic cream should be changed from Class III to Class IV. The record contains testimony about the use of these products as substitutes for butterfat, and therefore for butter, in manufactured products.

Skim milk and per hundredweight prices will continue to be calculated as in the current orders.

There is no change in formulas used in the calculation of the Class II price.

\* Adapted from Dairy Market News (Volume 68, Report 49) and other USDA sources.

## Mandatory Reporting of Dairy Products

The Dairy Market Enhancement Act of 2000 was recently passed by Congress and signed into law by President Clinton.

The Act requires the U.S. Department of Agriculture to regularly collect data on sales of dairy products used to establish minimum prices for Class III and Class IV milk under the Federal milk order program. Those products are butter, cheese, nonfat dry milk and dry whey. USDA must also collect

information on the inventories of the products.

Specifically, the law requires that dairy manufacturing plants report the price, quantity, and moisture content of any dairy products sold.

In addition, the law requires each dairy manufacturer and any other person storing dairy products to report information on the quantity of dairy products stored.



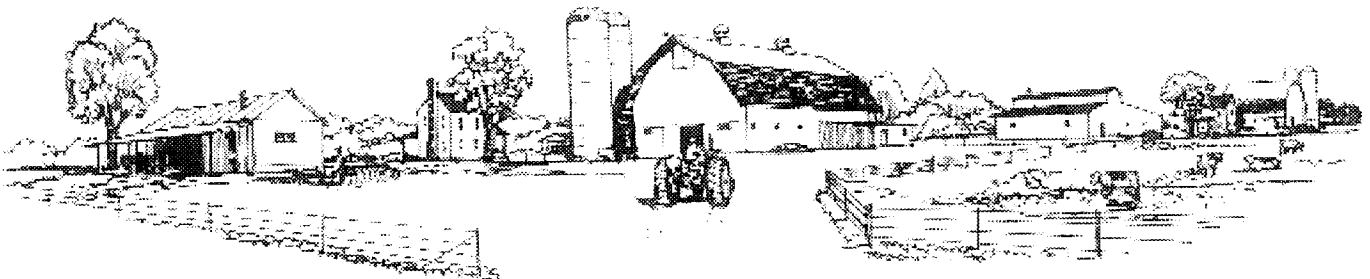
## Upper Midwest Pool Statistics - November 2000

| Market Class I Differential Rate | Pool Plants   | Received at Pool Plants | Diverted to Pool and Nonpool Plants | Total         | Location Adjustment to Producers | Class I Differential to Handlers |              |
|----------------------------------|---------------|-------------------------|-------------------------------------|---------------|----------------------------------|----------------------------------|--------------|
| <i>Cwt.</i>                      | <i>Number</i> | <i>Pounds</i>           | <i>Pounds</i>                       | <i>Pounds</i> | <i>Value</i>                     | <i>Pounds</i>                    | <i>Value</i> |
| \$1.80                           | 4             | 18,232,391              | 25,238,209                          | 43,470,600    | \$ 0                             | 38,913,709                       | \$ 700,447   |
| \$1.75                           | 35            | 166,489,794             | 358,114,945                         | 524,604,739   | 262,302                          | 152,109,754                      | 2,661,921    |
| \$1.70                           | 41            | 169,552,230             | 734,090,869                         | 903,643,099   | 903,643                          | 132,137,150                      | 2,246,331    |
| \$1.65                           | 7             | 28,277,027              | 45,647,640                          | 73,924,667    | 110,887                          | 22,082,491                       | 364,361      |
| Restricted                       | 0             | 0                       | 48,314,058                          | 48,314,058    | (94,761)                         | 0                                | 0            |
| Total                            | 87            | 382,551,442             | 1,211,405,721                       | 1,593,957,163 | \$1,182,071                      | 345,243,104                      | \$5,973,060  |

# Computation of Producer Price Differential-November 2000

|   | Utilization Percentage | Product Pounds | Component Pounds | Rate          | Value                  |
|---|------------------------|----------------|------------------|---------------|------------------------|
| <b>Class I</b>  |                        |                |                  |               | \$5,973,060.17         |
| Differential Value  |                        |                |                  |               |                        |
| Product   | 21.7%                  | 345,243,104    |                  |               |                        |
| Skim Milk   |                        |                | 339,357,913      | \$ 7.7400     | 26,266,302.47          |
| Butterfat   |                        |                | 5,885,191        | 1.2435        | 7,313,235.03           |
| <b>Class II</b>   |                        |                |                  |               |                        |
| Product   | 3.5%                   | 56,294,183     |                  |               |                        |
| Nonfat Solids   |                        |                | 4,480,740        | 0.9378        | 4,202,037.96           |
| Butterfat   |                        |                | 7,160,206        | 1.5815        | 11,323,865.79          |
| <b>Class III</b>  |                        |                |                  |               |                        |
| Product   | 74.3%                  | 1,183,681,681  |                  |               |                        |
| Protein   |                        |                | 36,689,618       | 0.9149        | 33,567,331.48          |
| Other Solids  |                        |                | 67,409,844       | 0.0565        | 3,808,656.27           |
| Butterfat   |                        |                | 43,552,372       | 1.5745        | 68,573,209.76          |
| <b>Class IV</b>   |                        |                |                  |               |                        |
| Product   | 0.5%                   | 8,738,195      |                  |               |                        |
| Nonfat Solids   |                        |                | 389,513          | 0.8617        | 335,643.37             |
| Butterfat   |                        |                | 4,467,247        | 1.5745        | 7,033,680.43           |
| SCC Adjustment (Class II, III, and IV)                            |                        |                |                  |               | 192,048.09             |
| <b>Total Producer Milk *</b>                                      |                        | 1,593,957,163  |                  |               | \$168,594,070.82       |
| Add:  |                        |                |                  |               |                        |
| Overage   |                        |                |                  |               | 75,782.97              |
| Inventory Reclassified  |                        |                |                  |               | (35,014.06)            |
| Other Source Milk \$.60(h)  |                        |                |                  |               | 0.00                   |
| Other Source Milk \$.60(i)  |                        |                |                  |               | 0.00                   |
| Subtract:   |                        |                |                  |               |                        |
| Transportation Credit   |                        |                |                  |               | 205,710.34             |
| Assembly Credit   |                        |                |                  |               | 272,013.38             |
| Credit for Reconstituted FMP                                      |                        |                |                  |               | 0.00                   |
| Producer Milk Protein   |                        |                |                  |               | 45,067,815.70          |
| Producer Milk Other Solids  |                        |                |                  |               | 5,123,275.51           |
| Producer Milk Butterfat   |                        |                |                  |               | 96,146,867.72          |
| Producer Milk SCC Adjustment                                      |                        |                |                  |               | 291,502.66             |
| <b>Total Milk and Value</b>                                       |                        | 1,593,957,163  |                  |               | \$21,527,654.42        |
| Add:  |                        |                |                  |               |                        |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                        |                |                  |               | 1,182,071.49           |
| One-Half Unobligated Balance Producer Settlement Fund             |                        |                |                  |               | 796,863.26             |
| <b>Total Value</b>  |                        |                |                  | 1.474732      | \$23,506,589.17        |
| Subtract:   |                        |                |                  |               |                        |
| Producer Settlement Fund Reserve                                  |                        |                |                  | 0.044732      | 713,001.74             |
| <b>Producer Price Differential</b> (Dollars Per Cwt.--Base Zone)  |                        |                |                  | <b>\$1.43</b> | <b>\$22,793,587.43</b> |

\* An estimated 59 million pounds of milk was not pooled.



# Utilization and Classification

|   | November 2000        |                   | October 2000         |
|---|----------------------|-------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |
| Packaged Disposition                      |                      |                   |                      |
| Milk                                      | 54,242,176           | 1,779,104         | 52,728,756           |
| Flavored Milk                             | 9,266,402            | 314,858           | 8,542,523            |
| Reduced Fat Milk                          | 135,461,355          | 2,676,154         | 133,438,315          |
| Lowfat Milk                               | 44,202,907           | 441,430           | 42,973,477           |
| Fat Free Milk                             | 83,589,312           | 99,963            | 83,545,517           |
| Flavored Reduced and Fat Free Milk        | 27,169,616           | 454,308           | 25,568,391           |
| Buttermilk                                | 2,785,406            | 29,777            | 2,570,252            |
| Total Packaged Disposition                | 356,717,174          | 5,795,594         | 349,367,231          |
| Total Ending Inventory                    | 31,361,955           | 528,507           | 25,325,658           |
| Bulk to Nonpool Plants                    | 4,100,801            | 70,146            | 4,154,278            |
| Shrinkage                                 | 2,398,541            | 141,635           | 3,487,105            |
| Total Class I Utilization                 | 394,578,471          | 6,535,882         | 382,334,272          |
| Other Order Plants                        | (22,117,837)         | (220,071)         | (12,875,269)         |
| Beginning Inventory                       | (25,810,679)         | (408,865)         | (26,320,985)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | 0                    | 0                 | (200,453)            |
| Overage                                   | --                   | --                | 0                    |
| Interhandler Adjustment                   | (1,406,851)          | (21,755)          | (162,759)            |
| <b>Class I Producer Milk</b>              | <b>345,243,104</b>   | <b>5,885,191</b>  | <b>342,774,806</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |
| Total Class II Utilization                | 78,628,510           | 9,020,936         | 73,428,821           |
| Other Order Plants                        | (7,450,090)          | (329,235)         | (9,170,340)          |
| Beginning Inventory                       | (3,870,277)          | (311,900)         | (2,127,615)          |
| Reused Products                           | (8,484,003)          | (2,914)           | (5,527,729)          |
| Other Source Milk                         | (2,529,957)          | (1,216,681)       | (1,379,537)          |
| Overage                                   | --                   | --                | 0                    |
| <b>Class II Producer Milk</b>             | <b>56,294,183</b>    | <b>7,160,206</b>  | <b>55,223,600</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |
| Total Class III Utilization               | 1,215,318,886        | 44,806,564        | 1,257,811,381        |
| Other Order Plants                        | (24,658,939)         | (1,015,343)       | (22,483,888)         |
| Beginning Inventory                       | (4,240,373)          | (64,696)          | (2,662,373)          |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (2,454,323)          | (166,228)         | (5,705,367)          |
| Overage                                   | (283,570)            | (7,925)           | (107,681)            |
| <b>Class III Producer Milk</b>            | <b>1,183,681,681</b> | <b>43,552,372</b> | <b>1,226,852,072</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |
| Total Class IV Utilization                | 31,314,692           | 6,072,067         | 34,392,360           |
| Other Order Plants                        | (6,100,296)          | (606,142)         | (6,851,085)          |
| Beginning Inventory                       | (10,999,444)         | (654,275)         | (9,092,272)          |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (5,449,374)          | (344,146)         | (5,610,839)          |
| Overage                                   | (27,383)             | (257)             | (15,640)             |
| <b>Class IV Producer Milk</b>             | <b>8,738,195</b>     | <b>4,467,247</b>  | <b>12,822,524</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>1,593,957,163</b> | <b>61,065,016</b> | <b>1,637,673,002</b> |

-- Restricted Information

## Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |         |         |        |        |          | Weighted Two-Week Average NASS Prices * |         |         |        |        |          |
|------------|--|---------|---------|--------|--------|----------|---|---------|---------|--------|--------|----------|
|            | Blocks                                 | Barrels | Average | Butter | NFDM   | Dry Whey | Blocks                                  | Barrels | Average | Butter | NFDM   | Dry Whey |
|            | <i>Dollars per Pound</i>               |         |         |        |        |          |   |         |         |        |        |          |
| Nov 1999   | 1.2143                                 | 1.1713  | 1.2058  | 1.0637 | 1.0168 | 0.1917   | 1.2583                                  | 1.2188  | 1.2521  | 1.0695 | 1.0184 | 0.1901   |
| Dec        | 1.1319                                 | 1.1096  | 1.1371  | 0.9179 | 1.0111 | 0.1892   | 1.1191                                  | 1.1008  | 1.1268  | 0.9220 | 1.0125 | 0.1870   |
| Jan 2000   | 1.1417                                 | 1.1279  | 1.1517  | 0.8820 | 1.0115 | 0.1857   | 1.1652                                  | 1.1416  | 1.1696  | 0.8768 | 1.0114 | 0.1859   |
| Feb        | 1.1028                                 | 1.0793  | 1.1067  | 0.9002 | 1.0106 | 0.1788   | 1.1054                                  | 1.0804  | 1.1084  | 0.9105 | 1.0104 | 0.1800   |
| Mar        | 1.0993                                 | 1.0854  | 1.1093  | 0.9497 | 1.0094 | 0.1780   | 1.0953                                  | 1.0841  | 1.1073  | 0.9331 | 1.0098 | 0.1771   |
| Apr        | 1.0979                                 | 1.0733  | 1.1011  | 1.0449 | 1.0078 | 0.1765   | 1.0985                                  | 1.0770  | 1.1035  | 1.0618 | 1.0096 | 0.1774   |
| May        | 1.0892                                 | 1.0793  | 1.1022  | 1.1680 | 1.0071 | 0.1760   | 1.0911                                  | 1.0768  | 1.1011  | 1.1140 | 1.0100 | 0.1755   |
| Jun        | 1.0996                                 | 1.0929  | 1.1137  | 1.2725 | 1.0097 | 0.1794   | 1.0914                                  | 1.0851  | 1.1060  | 1.2911 | 1.0106 | 0.1794   |
| Jul        | 1.1992                                 | 1.2041  | 1.2189  | 1.1547 | 1.0102 | 0.1909   | 1.2013                                  | 1.2175  | 1.2269  | 1.1729 | 1.0093 | 0.1893   |
| Aug        | 1.1979                                 | 1.1104  | 1.1660  | 1.1520 | 1.0108 | 0.1929   | 1.2029                                  | 1.1406  | 1.1847  | 1.1465 | 1.0091 | 0.1940   |
| Sep        | 1.2653                                 | 1.1719  | 1.2315  | 1.1560 | 1.0166 | 0.1856   | 1.2720                                  | 1.1797  | 1.2380  | 1.1444 | 1.0168 | 0.1856   |
| Oct        | 1.1940                                 | 1.1032  | 1.1602  | 1.1344 | 1.0127 | 0.1826   | 1.2293                                  | 1.1486  | 1.2012  | 1.1337 | 1.0143 | 0.1820   |
| Nov        | 1.0284                                 | 0.9906  | 1.0245  | 1.4051 | 1.0159 | 0.1917   | 1.0343                                  | 0.9874  | 1.0259  | 1.2032 | 1.0157 | 0.1881   |

| Month/Year | Chicago Mercantile Exchange  |               |        |         |         |          |         |  |
|------------|------------------------------|---------------|--------|---------|---------|----------|---------|--|
|            | Butter Prices<br>Grade AA ** | Cheese Prices |        | NFDM    |         | Dry Whey |         |  |
|            |                              | 40 lb. Block  | Barrel | Central | Western | Central  | Western |  |
|            | <i>Dollars per Pound</i>     |               |        |         |         |          |         |  |
| Nov 1999   | 1.0725                       | 1.1435        | 1.1251 | 1.0343  | 1.0109  | 0.1834   | 0.2041  |  |
| Dec        | 0.9163                       | 1.1545        | 1.1475 | 1.0168  | 1.0039  | 0.1865   | 0.2004  |  |
| Jan 2000   | 0.9090                       | 1.1285        | 1.1101 | 1.0090  | 1.0038  | 0.1811   | 0.1911  |  |
| Feb        | 0.9245                       | 1.1090        | 1.0910 | 1.0025  | 1.0024  | 0.1751   | 0.1799  |  |
| Mar        | 1.0200                       | 1.1139        | 1.0936 | 1.0009  | 1.0000  | 0.1772   | 0.1780  |  |
| Apr        | 1.0691                       | 1.1032        | 1.0822 | 1.0000  | 1.0006  | 0.1725   | 0.1763  |  |
| May        | 1.2450                       | 1.0950        | 1.0860 | 1.0008  | 1.0022  | 0.1755   | 0.1758  |  |
| Jun        | 1.2440                       | 1.2050        | 1.1901 | 1.0122  | 1.0048  | 0.1868   | 0.1784  |  |
| Jul        | 1.1790                       | 1.2345        | 1.1916 | 1.0225  | 1.0060  | 0.1970   | 0.1855  |  |
| Aug        | 1.1933                       | 1.2460        | 1.1049 | 1.0227  | 1.0104  | 0.1804   | 0.1873  |  |
| Sep        | 1.1727                       | 1.2953        | 1.2360 | 1.0244  | 1.0100  | 0.1753   | 0.1853  |  |
| Oct        | 1.1462                       | 1.0463        | 1.0052 | 1.0233  | 1.0063  | 0.1817   | 0.1819  |  |
| Nov        | 1.6490                       | 1.0588        | 1.0306 | 1.0308  | 1.0094  | 0.2109   | 0.1913  |  |

## Market Statistics

| Month/Year | Distributing<br>Plants | Supply<br>Plants | Coop .9(c)<br>Handlers | Producers | Total<br>Producer<br>Milk<br><i>Mil. lbs</i> | Estimated<br>Average Daily<br>Delivery<br><i>Pounds</i> | Butterfat<br>Test<br><i>Percent</i> | Protein<br>Test<br><i>Percent</i> | Other<br>Solids<br>Test<br><i>Percent</i> | Weighted<br>Average<br>SCC<br><i>(000)</i> |
|------------|------------------------|------------------|------------------------|-----------|--|---|-------------------------------------|-----------------------------------|---|--|
| Jan 2000   | 29                     | 84               | 12                     | 22,923    | 2,433  | 3,486   | 3.81                                | 3.05                              | 5.66                                      | 308  |
| Feb        | 28                     | 79               | 11                     | 22,874    | 2,269  | 3,491   | 3.78                                | 3.02                              | 5.68                                      | 316  |
| Mar        | 28                     | 76               | 11                     | 21,808    | 2,261  | 3,389   | 3.76                                | 3.00                              | 5.72                                      | 329  |
| Apr        | 29                     | 75               | 11                     | 20,499    | 2,069  | 3,415   | 3.76                                | 3.00                              | 5.72                                      | 321  |
| May        | 29                     | 73               | 11                     | 20,091    | 2,085  | 3,402   | 3.67                                | 2.96                              | 5.74                                      | 327  |
| Jun        | 29                     | 72               | 10                     | 18,854    | 1,933  | 3,370   | 3.64                                | 2.95                              | 5.74                                      | 349  |
| Jul        | 26                     | 69               | 10                     | 18,195    | 1,917  | 3,364   | 3.59                                | 2.91                              | 5.72                                      | 371  |
| Aug        | 27                     | 70               | 10                     | 18,083    | 1,852  | 3,382   | 3.59                                | 2.93                              | 5.70                                      | 377  |
| Sep        | 25                     | 67               | 10                     | 17,362    | 1,708  | 3,357   | 3.68                                | 3.02                              | 5.69                                      | 360  |
| Oct        | 25                     | 65               | 10                     | 16,870    | 1,638  | 3,352   | 3.78                                | 3.07                              | 5.68                                      | 324  |
| Nov        | 26                     | 61               | 12                     | 16,223    | 1,594  | 3,397   | 3.83                                | 3.09                              | 5.69                                      | 314  |
| Dec        |                        |                  |                        |           |  |   |                                     |                                   |   |  |
| Jan 2001   |                        |                  |                        |           |  |   |                                     |                                   |   |  |

\* NASS = National Agricultural Statistics Service, USDA. \*\* Prices prior to January 2000 are FMMA reported prices.

# Class Prices \*

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |               |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Nov 1999   | 1.2560              | 8.81        | 12.90       | 1.2740                           | 10.61       | 14.70       | 1.1652         | 0.9422        | 8.48        | 12.26       |
| Dec        | 1.1652              | 7.78        | 11.59       | 1.1832                           | 9.58        | 13.39       | 0.9874         | 0.9422        | 8.48        | 11.64       |
| Jan 2000   | 0.9854              | 7.72        | 10.90       | 1.0034                           | 9.52        | 12.70       | 0.9436         | 0.9356        | 8.42        | 11.43       |
| Feb        | 0.9302              | 7.72        | 10.71       | 0.9482                           | 9.52        | 12.51       | 0.9658         | 0.9356        | 8.42        | 11.51       |
| Mar        | 0.9713              | 7.71        | 10.84       | 0.9893                           | 9.51        | 12.64       | 1.0261         | 0.9344        | 8.41        | 11.71       |
| Apr        | 0.9989              | 7.70        | 10.93       | 1.0169                           | 9.50        | 12.73       | 1.1422         | 0.9333        | 8.40        | 12.10       |
| May        | 1.1559              | 7.70        | 11.48       | 1.1739                           | 9.50        | 13.28       | 1.2924         | 0.9333        | 8.40        | 12.63       |
| Jun        | 1.2195              | 7.70        | 11.70       | 1.2375                           | 9.50        | 13.50       | 1.4198         | 0.9333        | 8.40        | 13.08       |
| Jul        | 1.4355              | 7.71        | 12.46       | 1.4535                           | 9.51        | 14.26       | 1.2761         | 0.9344        | 8.41        | 12.58       |
| Aug        | 1.2913              | 7.70        | 11.95       | 1.3093                           | 9.50        | 13.75       | 1.2729         | 0.9333        | 8.40        | 12.56       |
| Sep        | 1.2591              | 7.70        | 11.84       | 1.2771                           | 9.50        | 13.64       | 1.2777         | 0.9333        | 8.40        | 12.58       |
| Oct        | 1.2566              | 7.76        | 11.89       | 1.2746                           | 9.56        | 13.69       | 1.2514         | 0.9400        | 8.46        | 12.54       |
| Nov        | 1.2435              | 7.74        | 11.82       | 1.2615                           | 9.54        | 13.62       | 1.5815         | 0.9378        | 8.44        | 13.68       |
| Dec        | 1.3283              | 7.75        | 12.13       | 1.3463                           | 9.55        | 13.93       |                | 0.9389        | 8.45        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Nov 1999   | 1.1582          | 2.0696     | 0.0565       | 6.75        | 10.57       | 1.1582         | 0.8625        | 7.76        | 11.54       |
| Dec        | 0.9804          | 2.0615     | 0.0539       | 6.71        | 9.91        | 0.9804         | 0.8570        | 7.71        | 10.87       |
| Jan 2000   | 0.9366          | 2.1677     | 0.0503       | 7.02        | 10.05       | 0.9366         | 0.8574        | 7.72        | 10.73       |
| Feb        | 0.9588          | 1.9849     | 0.0432       | 6.41        | 9.54        | 0.9588         | 0.8565        | 7.71        | 10.80       |
| Mar        | 1.0191          | 1.9166     | 0.0424       | 6.19        | 9.54        | 1.0191         | 0.8553        | 7.70        | 11.00       |
| Apr        | 1.1352          | 1.7399     | 0.0408       | 5.63        | 9.41        | 1.1352         | 0.8537        | 7.68        | 11.38       |
| May        | 1.2854          | 1.5514     | 0.0403       | 5.05        | 9.37        | 1.2854         | 0.8530        | 7.68        | 11.91       |
| Jun        | 1.4128          | 1.4278     | 0.0438       | 4.68        | 9.46        | 1.4128         | 0.8556        | 7.70        | 12.38       |
| Jul        | 1.2691          | 1.9726     | 0.0557       | 6.44        | 10.66       | 1.2691         | 0.8561        | 7.70        | 11.87       |
| Aug        | 1.2659          | 1.7952     | 0.0577       | 5.91        | 10.13       | 1.2659         | 0.8567        | 7.71        | 11.87       |
| Sep        | 1.2707          | 2.0137     | 0.0502       | 6.54        | 10.76       | 1.2707         | 0.8624        | 7.76        | 11.94       |
| Oct        | 1.2444          | 1.8028     | 0.0471       | 5.87        | 10.02       | 1.2444         | 0.8585        | 7.73        | 11.81       |
| Nov        | 1.5745          | 0.9149     | 0.0565       | 3.17        | 8.57        | 1.5745         | 0.8617        | 7.76        | 13.00       |

# Producer Prices

| Month/Year | Producer Price Differential | Statistical Uniform Price (at 3.50%) | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|-----------------------------|--------------------------------------|-----------------|---------------|--------------------|---------------------|----------------------------------|
|            | <i>cwt.</i>                 | <i>cwt.</i>                          | <i>lb.</i>      | <i>lb.</i>    | <i>lb.</i>         | <i>cwt.</i>         | <i>cwt.</i>                      |
|            | Jan 2000                    | \$0.43                               | \$10.48         | \$0.9366      | \$2.1677           | \$0.0503            | \$0.00058                        |
| Feb        | 0.56                        | 10.10                                | 0.9588          | 1.9849        | 0.0432             | 0.00055             | 11.04                            |
| Mar        | 0.64                        | 10.18                                | 1.0191          | 1.9166        | 0.0424             | 0.00055             | 11.04                            |
| Apr        | 0.74                        | 10.15                                | 1.1352          | 1.7399        | 0.0408             | 0.00055             | 11.12                            |
| May        | 0.90                        | 10.27                                | 1.2854          | 1.5514        | 0.0403             | 0.00055             | 11.10                            |
| Jun        | 0.97                        | 10.43                                | 1.4128          | 1.4278        | 0.0438             | 0.00056             | 11.35                            |
| Jul        | 0.70                        | 11.36                                | 1.2691          | 1.9726        | 0.0557             | 0.00061             | 11.97                            |
| Aug        | 0.84                        | 10.97                                | 1.2659          | 1.7952        | 0.0577             | 0.00058             |                                  |
| Sep        | 0.70                        | 11.46                                | 1.2707          | 2.0137        | 0.0502             | 0.00062             |                                  |
| Oct        | 0.86                        | 10.88                                | 1.2444          | 1.8028        | 0.0471             | 0.00058             |                                  |
| Nov        | 1.43                        | 10.00                                | 1.5745          | 0.9149        | 0.0565             | 0.00051             |                                  |
| Dec        |                             |                                      |                 |               |                    |                     |                                  |
| Jan 2001   |                             |                                      |                 |               |                    |                     |                                  |

\* Prices prior to January 2000 are estimated.

# Summary of Federal Order Data - November 2000

| Federal Order Number / Name   | Producer Deliveries    | Class I Producer Receipts | Class I Utilization | Class I Price | Producer Price Differential | Statistical Uniform Price at 3.50% |
|-------------------------------|------------------------|---------------------------|---------------------|---------------|-----------------------------|------------------------------------|
|                               | <i>Thousand Pounds</i> |                           | <i>Percent</i>      |               | <i>Dollars per Cwt.</i>     |                                    |
| 1 Northeast                   | 1,858,827              | 913,858                   | 49.2                | \$ 15.07      | \$ 4.79                     | \$ 13.36                           |
| 5 Appalachian                 | 497,763                | 370,811                   | 74.5                | 14.92         | n/a                         | 14.76                              |
| 6 Florida                     | 231,820                | 208,965                   | 90.1                | 15.82         | n/a                         | 15.90                              |
| 7 Southeast                   | 608,003                | 416,779                   | 68.5                | 14.92         | n/a                         | 14.14                              |
| 30 <b>Upper Midwest</b>       | <b>1,593,957</b>       | <b>345,243</b>            | <b>21.7</b>         | <b>13.62</b>  | <b>1.43</b>                 | <b>10.00</b>                       |
| 32 Central                    | 1,386,781              | 421,967                   | 30.4                | 13.82         | 2.28                        | 10.85                              |
| 33 Mideast                    | 1,264,416              | 577,879                   | 45.7                | 13.82         | 3.34                        | 11.91                              |
| 124 Pacific Northwest         | 525,950                | 184,404                   | 35.1                | 13.72         | 3.23                        | 11.80                              |
| 126 Southwest                 | 651,752                | 343,133                   | 52.6                | 14.82         | 4.02                        | 12.59                              |
| 131 Arizona-Las Vegas         | 230,358                | 84,940                    | 36.9                | 14.17         | n/a                         | 11.84                              |
| 135 Western                   | 306,125                | 87,889                    | 28.7                | 13.72         | 2.11                        | 10.68                              |
| All Market Average or Total * | 9,155,753              | 3,955,869                 | 43.2                |               |                             |                                    |

n/a = Not applicable.      \* May not add due to rounding.

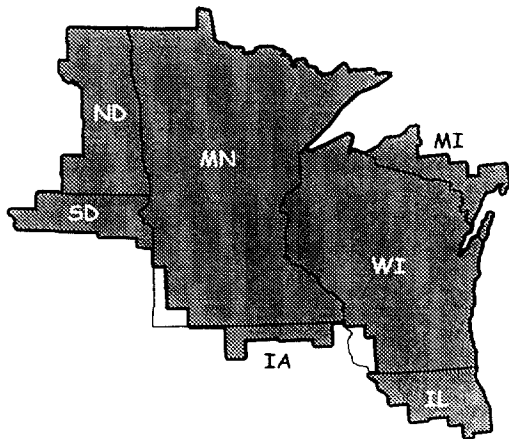
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Federal Milk Market Administrator  
U.S. Department of Agriculture

# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

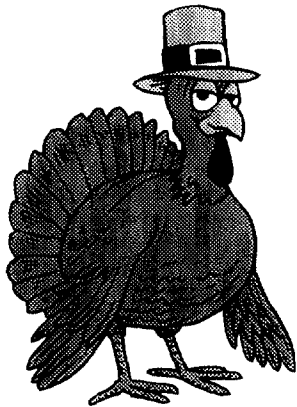
Volume 1, Issue 10

Upper Midwest Marketing Area, Federal Order No. 30

November 2000

### Special points of interest:

- October Producer Price Differential -- \$0.86 / cwt.
- October Statistical Uniform Price -- \$10.88 / cwt.



### Inside this issue:

|  |   |
|--|---|
| Analysis of Dairy Product Prices .....           | 2 |
| Computation of Producer Price Differential ..... | 4 |
| Utilization and Classification.....              | 5 |
| Commodity Prices and Market Statistics .....     | 6 |
| Class Prices and Producer Prices .....           | 7 |

## Producer Price Differential at 86¢

The producer price differential (PPD) for the Upper Midwest Order for October 2000 is 86¢ per cwt., up 16¢ from September. The resulting statistical uniform price of \$10.88 per cwt., however, is down 58¢ from September.

Producer milk in October totaled 1.64 billion pounds,

down 7.2% on a daily basis from September. During the month, 16,870 producers delivered to the market with an average daily delivery of 3,352 pounds.

Class I use in October totaled 343 million pounds, down 3.8% on a daily basis from September. The decrease resulted primarily from a

daily decline in disposition of fluid milk products on routes and a drop in Class I bulk movements to nonpool plants.

During the month, Class I usage accounted for 20.9% of producer milk.

Market statistics for October are shown on Pages 4 and 5.

## Agricultural Appropriations Bill

On October 28, President Clinton signed into law the 2001 Agricultural Appropriations Bill. The Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2001 contains several provisions relating to dairy. The major provisions are noted below.

### Dairy Market Loss Assistance Program

Section 805 of the Agricultural Appropriations Bill authorizes USDA to make supplemental payments to dairy producers. Under the program, the Dairy Market Loss Assistance Program (DMLA-III), USDA expects to make at least \$650 million in payments to dairy produc-

ers. The payments are intended to partially offset low farm milk prices.

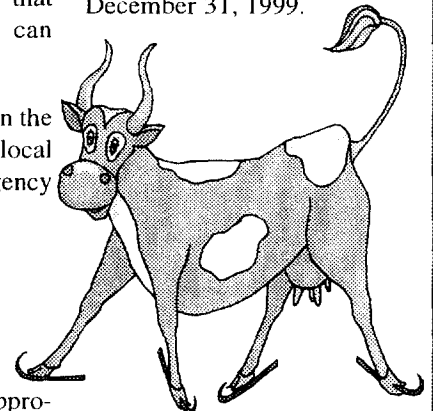
Payment calculations for all participants will be limited to the first 39,000 cwt. of production to better target small to medium-sized producers. Payment will be at the rate of \$0.6468 per cwt. Therefore, the maximum payment that any dairy operation can receive will be \$25,225.

For further information on the program, contact your local USDA Farm Service Agency office.

### Price Support Program

The 2001 Agriculture Appropriations Bill also authorized

an extension of the dairy price support program through December 31, 2001. The extension, at its current level of \$9.80 per cwt. at 3.5% butterfat, is the second consecutive one-year extension of the price support program. Under terms of the 1996 Farm Bill, the dairy price support program was to end on December 31, 1999.



# Analysis of Dairy Product Prices

Farm milk prices have recently been at some of their lowest levels in more than 20 years. Several factors affect the level of milk prices, including dairy product prices, demand, inventories and production of milk and dairy products.

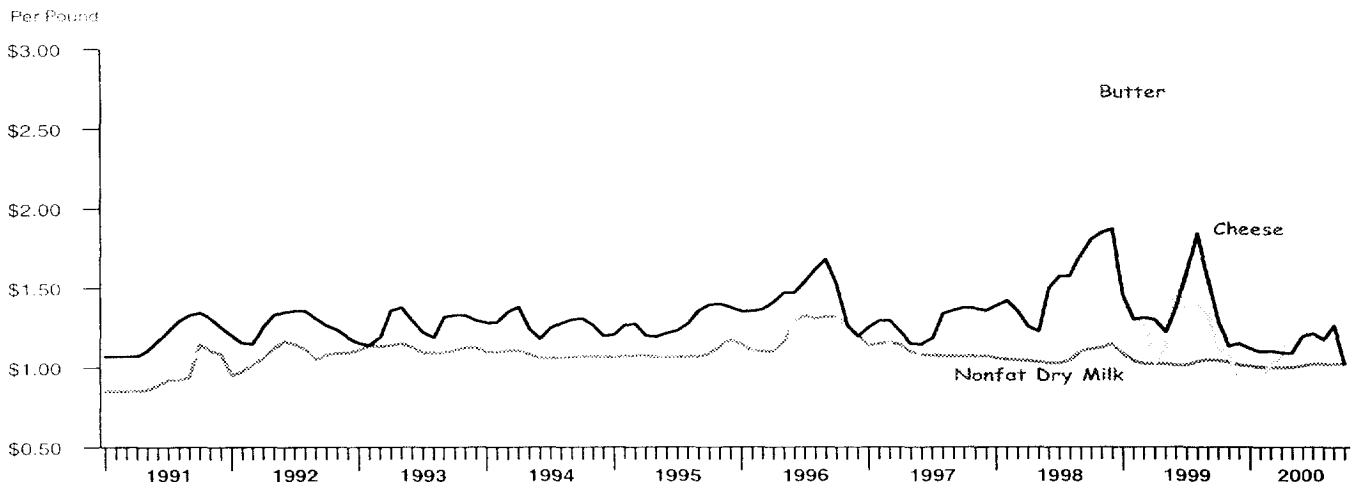
The graphs which follow provide a ten-

year historical perspective of prices, as well as inventories and production, for butter, cheese and nonfat dry milk. Also shown is a ten-year history of U.S. milk production.

As seen in the graphs, estimated 2000 milk production is more than 20 billion pounds higher than the 1991 total.

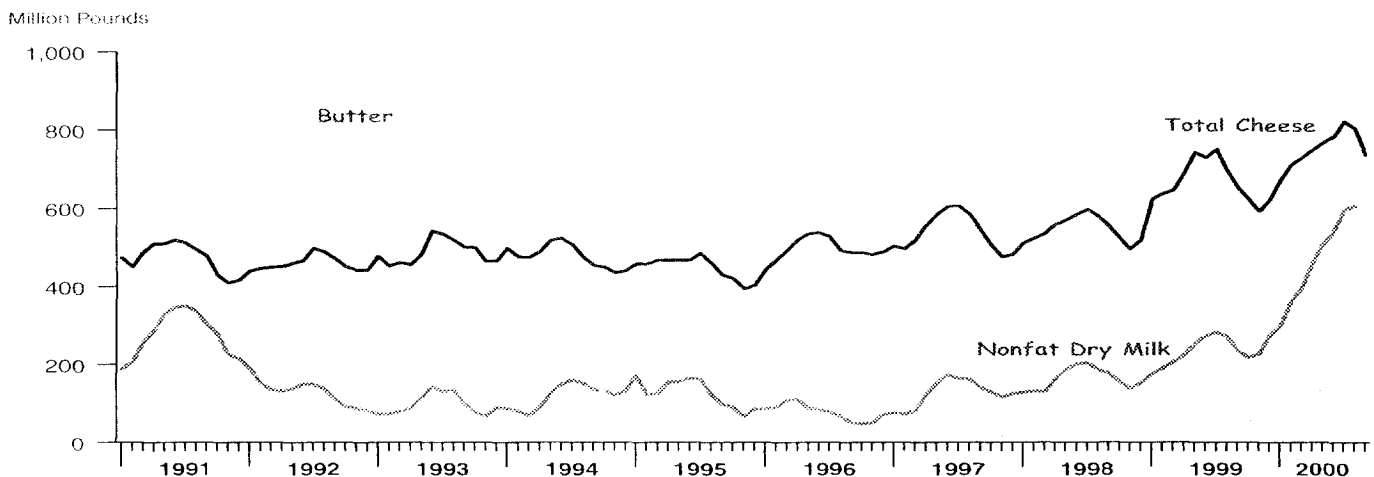
More than 10 billion pounds of that increase occurred in just the last two years. Much of the additional milk production has been manufactured into cheese. As a result, cheese production has increased from about 500 million pounds monthly in 1991 to nearly 700 million pounds monthly in 2000.

**Wholesale Prices for Butter, Cheese, and Nonfat Dry Milk  
January 1991 to October 2000**



All prices are monthly averages. The butter price is the Grade AA price on the Chicago Mercantile Exchange (CME). The cheese price is a simple average of block and barrel prices for cheddar cheese on the CME beginning in May 1997, and the National Cheese Exchange prior to that. The nonfat dry milk price is for low/medium heat powder in the Central States production area.

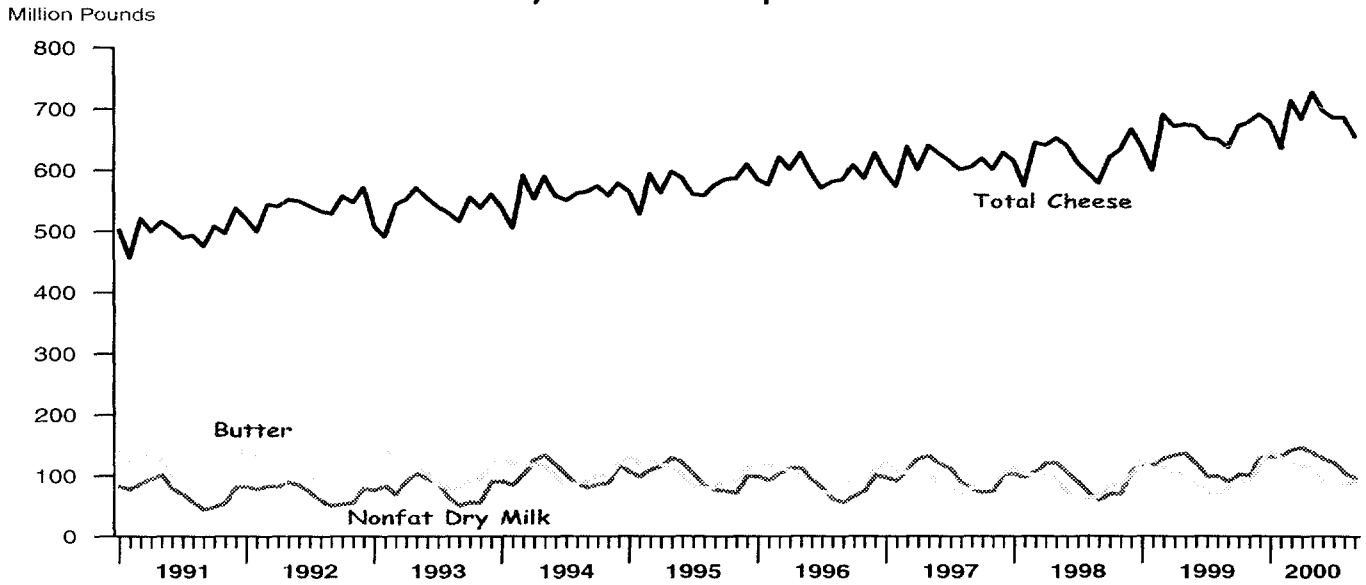
**Inventories of Butter, Cheese, and Nonfat Dry Milk  
January 1991 to September 2000**



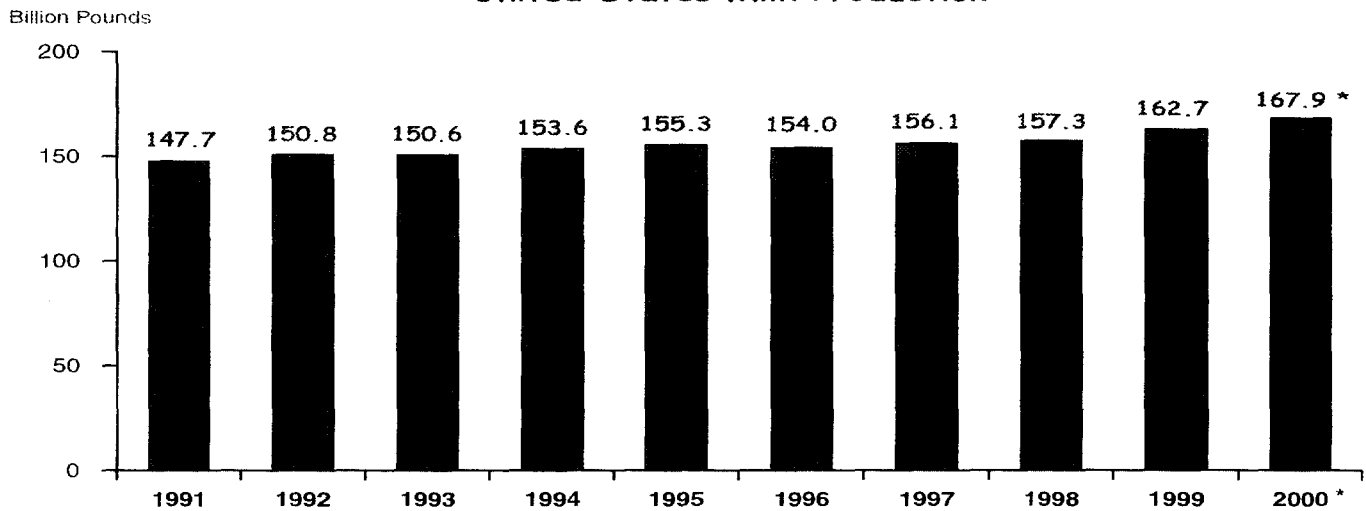
Source: "Dairy Market News", USDA. Inventories include the total of Government-owned and commercial stocks. Cheese is the total of all natural cheese holdings.



### U.S. Production of Butter, Cheese, and Nonfat Dry Milk January 1991 to September 2000



### United States Milk Production



\* Milk production for 2000 is estimated at 3.2% above 1999.

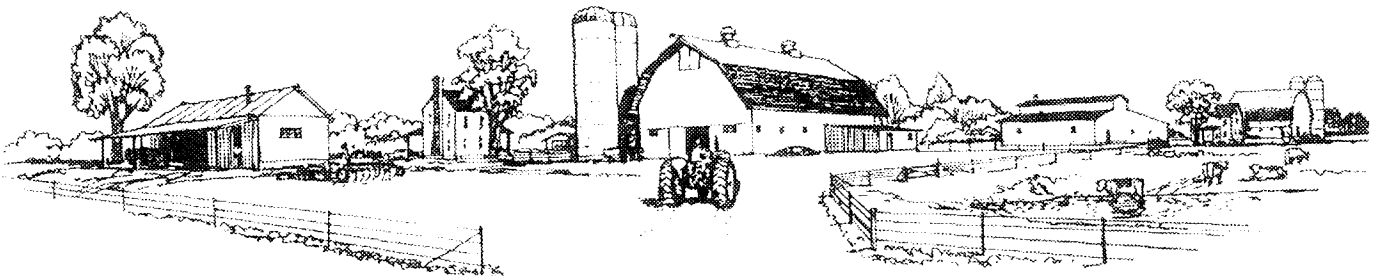
### Upper Midwest Pool Statistics - October 2000

| Market Class I Differential Rate | Pool Plants | Received at Pool Plants | Diverted to Pool and Nonpool Plants | Total                | Location Adjustment to Producers | Class I Differential to Handlers |                    |
|----------------------------------|-------------|-------------------------|-------------------------------------|----------------------|----------------------------------|----------------------------------|--------------------|
| Cwt.                             | Number      | Pounds                  | Pounds                              | Pounds               | Value                            | Pounds                           | Value              |
| \$1.80                           | 4           | 19,327,629              | 24,596,900                          | 43,924,529           | \$ 0                             | 40,694,166                       | \$ 732,495         |
| \$1.75                           | 37          | 179,391,361             | 385,896,867                         | 565,288,228          | 282,644                          | 153,658,772                      | 2,689,028          |
| \$1.70                           | 41          | 175,506,120             | 760,767,089                         | 936,273,209          | 936,273                          | 125,797,857                      | 2,138,564          |
| \$1.65                           | 8           | 29,511,546              | 48,597,398                          | 78,108,944           | 117,163                          | 22,624,011                       | 373,296            |
| Restricted                       | 0           | 0                       | 14,078,092                          | 14,078,092           | (25,113)                         | 0                                | 0                  |
| <b>Total</b>                     | <b>90</b>   | <b>403,736,656</b>      | <b>1,233,936,346</b>                | <b>1,637,673,002</b> | <b>\$1,310,967</b>               | <b>342,774,806</b>               | <b>\$5,933,383</b> |

# Computation of Producer Price Differential-October 2000

|   | Utilization<br>Percentage | Product<br>Pounds    | Component<br>Pounds | Rate            | Value                   |
|---|---------------------------|----------------------|---------------------|-----------------|-------------------------|
| <b>Class I</b>  |                           |                      |                     |                 |                         |
| Differential Value  |                           |                      |                     |                 | \$5,933,383.34          |
| Product   | 20.9%                     | 342,774,806          |                     |                 |                         |
| Skim Milk   |                           |                      | 337,218,612         | \$ 7.7600       | 26,168,164.26           |
| Butterfat   |                           |                      | 5,556,194           | 1.2566          | 6,981,913.39            |
| <b>Class II</b>   |                           |                      |                     |                 |                         |
| Product   | 3.4%                      | 55,223,602           |                     |                 |                         |
| Nonfat Solids   |                           |                      | 4,377,786           | 0.9400          | 4,115,118.84            |
| Butterfat   |                           |                      | 7,003,902           | 1.2514          | 8,764,682.95            |
| <b>Class III</b>  |                           |                      |                     |                 |                         |
| Product   | 74.9%                     | 1,226,852,072        |                     |                 |                         |
| Protein   |                           |                      | 37,777,993          | 1.8028          | 68,106,165.77           |
| Other Solids  |                           |                      | 69,768,348          | 0.0471          | 3,286,089.18            |
| Butterfat   |                           |                      | 45,189,594          | 1.2444          | 56,233,930.77           |
| <b>Class IV</b>   |                           |                      |                     |                 |                         |
| Product   | 0.8%                      | 12,822,522           |                     |                 |                         |
| Nonfat Solids   |                           |                      | 787,221             | 0.8585          | 675,829.22              |
| Butterfat   |                           |                      | 4,169,393           | 1.2444          | 5,188,392.65            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                      |                     |                 | 162,690.58              |
| <b>Total Producer Milk *</b>                                      |                           | <b>1,637,673,002</b> |                     |                 | <b>\$185,616,360.95</b> |
| Add:  |                           |                      |                     |                 |                         |
| Overage   |                           |                      |                     |                 | 29,860.15               |
| Inventory Reclassified  |                           |                      |                     |                 | (41,136.61)             |
| Other Source Milk \$.60(h)  |                           |                      |                     |                 | 0.00                    |
| Other Source Milk \$.60(i)  |                           |                      |                     |                 | 0.00                    |
| Subtract:   |                           |                      |                     |                 |                         |
| Transportation Credit   |                           |                      |                     |                 | 183,139.50              |
| Assembly Credit   |                           |                      |                     |                 | 269,797.33              |
| Credit for Reconstituted FMP                                      |                           |                      |                     |                 | 0.00                    |
| Producer Milk Protein   |                           |                      |                     |                 | 90,714,316.20           |
| Producer Milk Other Solids  |                           |                      |                     |                 | 4,383,180.76            |
| Producer Milk Butterfat   |                           |                      |                     |                 | 77,052,106.88           |
| Producer Milk SCC Adjustment                                      |                           |                      |                     |                 | 247,298.43              |
| <b>Total Milk and Value</b>                                       |                           | <b>1,637,673,002</b> |                     |                 | <b>\$12,755,245.39</b>  |
| Add:  |                           |                      |                     |                 |                         |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                      |                     |                 | 1,310,966.71            |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                      |                     |                 | 805,317.24              |
| <b>Total Value</b>  |                           |                      |                     | <b>0.908089</b> | <b>\$14,871,529.34</b>  |
| Subtract:   |                           |                      |                     |                 |                         |
| Producer Settlement Fund Reserve                                  |                           |                      |                     | 0.048089        | 787,541.52              |
| <b>Producer Price Differential</b> (Dollars Per Cwt.--Base Zone)  |                           |                      |                     | <b>\$0.86</b>   | <b>\$14,083,987.82</b>  |

\* An estimated 63 million pounds of milk was not pooled.



# Utilization and Classification

|   | October 2000         |                   | September 2000       |
|---|----------------------|-------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |
| Packaged Disposition                      |                      |                   |                      |
| Milk                                      | 52,728,756           | 1,722,590         | 52,155,956           |
| Flavored Milk                             | 8,542,523            | 223,031           | 7,562,661            |
| Reduced Fat Milk                          | 133,438,315          | 2,642,434         | 132,675,030          |
| Lowfat Milk                               | 42,973,477           | 424,888           | 44,074,597           |
| Fat Free Milk                             | 83,545,517           | 91,707            | 84,843,849           |
| Flavored Reduced and Fat Free Milk        | 25,568,391           | 257,943           | 25,053,867           |
| Buttermilk                                | 2,570,252            | 26,581            | 2,681,650            |
| Total Packaged Disposition                | 349,367,231          | 5,389,174         | 349,047,610          |
| Total Ending Inventory                    | 25,325,658           | 403,043           | 26,320,985           |
| Bulk to Nonpool Plants                    | 4,154,278            | 71,768            | 8,583,387            |
| Shrinkage                                 | 3,487,105            | 259,679           | 3,384,310            |
| Total Class I Utilization                 | 382,334,272          | 6,123,664         | 387,336,292          |
| Other Order Plants                        | (12,875,269)         | (141,353)         | (13,561,957)         |
| Beginning Inventory                       | (26,320,985)         | (417,137)         | (28,520,333)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (200,453)            | (2,225)           | (198,219)            |
| Overage                                   | 0                    | 0                 | --                   |
| Interhandler Adjustment                   | (162,759)            | (6,755)           | (79,642)             |
| <b>Class I Producer Milk</b>              | <b>342,774,806</b>   | <b>5,556,194</b>  | <b>344,976,141</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |
| Total Class II Utilization                | 73,428,821           | 8,374,538         | 68,473,807           |
| Other Order Plants                        | (9,170,340)          | (240,901)         | (3,093,250)          |
| Beginning Inventory                       | (2,127,615)          | (188,327)         | (2,709,338)          |
| Reused Products                           | (5,527,729)          | (906)             | (5,367,478)          |
| Other Source Milk                         | (1,379,537)          | (940,503)         | (984,334)            |
| Overage                                   | 0                    | 0                 | (338,606)            |
| <b>Class II Producer Milk</b>             | <b>55,223,600</b>    | <b>7,003,901</b>  | <b>55,980,801</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |
| Total Class III Utilization               | 1,257,811,381        | 46,431,362        | 1,323,112,563        |
| Other Order Plants                        | (22,483,888)         | (892,590)         | (18,158,564)         |
| Beginning Inventory                       | (2,662,373)          | (102,443)         | (4,255,544)          |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (5,705,367)          | (240,827)         | (7,003,521)          |
| Overage                                   | (107,681)            | (5,908)           | (237,623)            |
| <b>Class III Producer Milk</b>            | <b>1,226,852,072</b> | <b>45,189,594</b> | <b>1,293,457,311</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |
| Total Class IV Utilization                | 34,392,360           | 5,781,577         | 35,473,422           |
| Other Order Plants                        | (6,851,085)          | (612,362)         | (7,339,074)          |
| Beginning Inventory                       | (9,092,272)          | (537,448)         | (8,568,108)          |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (5,610,839)          | (449,242)         | (5,790,577)          |
| Overage                                   | (15,640)             | (13,131)          | (179,021)            |
| <b>Class IV Producer Milk</b>             | <b>12,822,524</b>    | <b>4,169,394</b>  | <b>13,596,642</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>1,637,673,002</b> | <b>61,919,083</b> | <b>1,708,010,895</b> |

-- Restricted Information

## Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |         |         |        |        |          | Weighted Two-Week Average NASS Prices * |         |         |        |        |          |
|------------|--|---------|---------|--------|--------|----------|---|---------|---------|--------|--------|----------|
|            | Blocks                                 | Barrels | Average | Butter | NFDM   | Dry Whey | Blocks                                  | Barrels | Average | Butter | NFDM   | Dry Whey |
|            | <i>Dollars per Pound</i>               |         |         |        |        |          |   |         |         |        |        |          |
| Oct 1999   | 1.4388                                 | 1.3415  | 1.3934  | 1.1273 | 1.0183 | 0.1944   | 1.4851                                  | 1.3841  | 1.4359  | 1.1439 | 1.0188 | 0.1920   |
| Nov        | 1.2143                                 | 1.1713  | 1.2058  | 1.0637 | 1.0168 | 0.1917   | 1.2583                                  | 1.2188  | 1.2521  | 1.0695 | 1.0184 | 0.1901   |
| Dec        | 1.1319                                 | 1.1096  | 1.1371  | 0.9179 | 1.0111 | 0.1892   | 1.1191                                  | 1.1008  | 1.1268  | 0.9220 | 1.0125 | 0.1870   |
| Jan 2000   | 1.1417                                 | 1.1279  | 1.1517  | 0.8820 | 1.0115 | 0.1857   | 1.1652                                  | 1.1416  | 1.1696  | 0.8768 | 1.0114 | 0.1859   |
| Feb        | 1.1028                                 | 1.0793  | 1.1067  | 0.9002 | 1.0106 | 0.1788   | 1.1054                                  | 1.0804  | 1.1084  | 0.9105 | 1.0104 | 0.1800   |
| Mar        | 1.0993                                 | 1.0854  | 1.1093  | 0.9497 | 1.0094 | 0.1780   | 1.0953                                  | 1.0841  | 1.1073  | 0.9331 | 1.0098 | 0.1771   |
| Apr        | 1.0979                                 | 1.0733  | 1.1011  | 1.0449 | 1.0078 | 0.1765   | 1.0985                                  | 1.0770  | 1.1035  | 1.0618 | 1.0096 | 0.1774   |
| May        | 1.0892                                 | 1.0793  | 1.1022  | 1.1680 | 1.0071 | 0.1760   | 1.0911                                  | 1.0768  | 1.1011  | 1.1140 | 1.0100 | 0.1755   |
| Jun        | 1.0996                                 | 1.0929  | 1.1137  | 1.2725 | 1.0097 | 0.1794   | 1.0914                                  | 1.0851  | 1.1060  | 1.2911 | 1.0106 | 0.1794   |
| Jul        | 1.1992                                 | 1.2041  | 1.2189  | 1.1547 | 1.0102 | 0.1909   | 1.2013                                  | 1.2175  | 1.2269  | 1.1729 | 1.0093 | 0.1893   |
| Aug        | 1.1979                                 | 1.1104  | 1.1660  | 1.1520 | 1.0108 | 0.1929   | 1.2029                                  | 1.1406  | 1.1847  | 1.1465 | 1.0091 | 0.1940   |
| Sep        | 1.2653                                 | 1.1719  | 1.2315  | 1.1560 | 1.0166 | 0.1856   | 1.2720                                  | 1.1797  | 1.2380  | 1.1444 | 1.0168 | 0.1856   |
| Oct        | 1.1940                                 | 1.1032  | 1.1602  | 1.1344 | 1.0127 | 0.1826   | 1.2293                                  | 1.1486  | 1.2012  | 1.1337 | 1.0143 | 0.1820   |

| Month/Year | Chicago Mercantile Exchange |              |               |         |         |         |          |  |
|------------|-----------------------------|--------------|---------------|---------|---------|---------|----------|--|
|            | Butter Prices               |              | Cheese Prices |         | NFDM    |         | Dry Whey |  |
|            | Grade AA **                 | 40 lb. Block | Barrel        | Central | Western | Central | Western  |  |
|            | <i>Dollars per Pound</i>    |              |               |         |         |         |          |  |
| Oct 1999   | 1.1248                      | 1.3031       | 1.2656        | 1.0451  | 1.0175  | 0.1938  | 0.1994   |  |
| Nov        | 1.0725                      | 1.1435       | 1.1251        | 1.0343  | 1.0109  | 0.1834  | 0.2041   |  |
| Dec        | 0.9163                      | 1.1545       | 1.1475        | 1.0168  | 1.0039  | 0.1865  | 0.2004   |  |
| Jan 2000   | 0.9090                      | 1.1285       | 1.1101        | 1.0090  | 1.0038  | 0.1811  | 0.1911   |  |
| Feb        | 0.9245                      | 1.1090       | 1.0910        | 1.0025  | 1.0024  | 0.1751  | 0.1799   |  |
| Mar        | 1.0200                      | 1.1139       | 1.0936        | 1.0009  | 1.0000  | 0.1772  | 0.1780   |  |
| Apr        | 1.0691                      | 1.1032       | 1.0822        | 1.0000  | 1.0006  | 0.1725  | 0.1763   |  |
| May        | 1.2450                      | 1.0950       | 1.0860        | 1.0008  | 1.0022  | 0.1755  | 0.1758   |  |
| Jun        | 1.2440                      | 1.2050       | 1.1901        | 1.0122  | 1.0048  | 0.1868  | 0.1784   |  |
| Jul        | 1.1790                      | 1.2345       | 1.1916        | 1.0225  | 1.0060  | 0.1970  | 0.1855   |  |
| Aug        | 1.1933                      | 1.2460       | 1.1049        | 1.0227  | 1.0104  | 0.1804  | 0.1873   |  |
| Sep        | 1.1727                      | 1.2953       | 1.2360        | 1.0244  | 1.0100  | 0.1753  | 0.1853   |  |
| Oct        | 1.1462                      | 1.0463       | 1.0052        | 1.0233  | 1.0063  | 0.1817  | 0.1819   |  |

## Market Statistics

| Month/Year | Distributing Plants | Supply Plants | Coop .9(c) Handlers | Producers | Total Producer Milk<br><i>Mil. lbs.</i> | Estimated Average Daily Delivery<br><i>Pounds</i> | Butterfat Test<br><i>Percent</i> | Protein Test<br><i>Percent</i> | Other Solids Test<br><i>Percent</i> | Weighted Average SCC<br><i>(000)</i> |
|------------|---------------------|---------------|---------------------|-----------|---|---|----------------------------------|--------------------------------|-------------------------------------|--------------------------------------|
| Jan 2000   | 29                  | 84            | 12                  | 22,923    | 2,433                                   | 3,486   | 3.81                             | 3.05                           | 5.66                                | 308                                  |
| Feb        | 28                  | 79            | 11                  | 22,874    | 2,269                                   | 3,491   | 3.78                             | 3.02                           | 5.68                                | 316                                  |
| Mar        | 28                  | 76            | 11                  | 21,808    | 2,261                                   | 3,389   | 3.76                             | 3.00                           | 5.72                                | 329                                  |
| Apr        | 29                  | 75            | 11                  | 20,499    | 2,069                                   | 3,415   | 3.76                             | 3.00                           | 5.72                                | 321                                  |
| May        | 29                  | 73            | 11                  | 20,091    | 2,085                                   | 3,402   | 3.67                             | 2.96                           | 5.74                                | 327                                  |
| Jun        | 29                  | 72            | 10                  | 18,854    | 1,933                                   | 3,370   | 3.64                             | 2.95                           | 5.74                                | 349                                  |
| Jul        | 26                  | 69            | 10                  | 18,195    | 1,917                                   | 3,364   | 3.59                             | 2.91                           | 5.72                                | 371                                  |
| Aug        | 27                  | 70            | 10                  | 18,083    | 1,852                                   | 3,382   | 3.59                             | 2.93                           | 5.70                                | 377                                  |
| Sep        | 25                  | 67            | 10                  | 17,362    | 1,708                                   | 3,357   | 3.68                             | 3.02                           | 5.69                                | 360                                  |
| Oct        | 25                  | 65            | 10                  | 16,870    | 1,638                                   | 3,352   | 3.78                             | 3.07                           | 5.68                                | 324                                  |
| Nov        |                     |               |                     |           |   |   |                                  |                                |                                     |                                      |
| Dec        |                     |               |                     |           |   |   |                                  |                                |                                     |                                      |
| Jan 2001   |                     |               |                     |           |   |   |                                  |                                |                                     |                                      |

\* NASS = National Agricultural Statistics Service, USDA. \*\* Prices prior to January 2000 are FMMA reported prices.

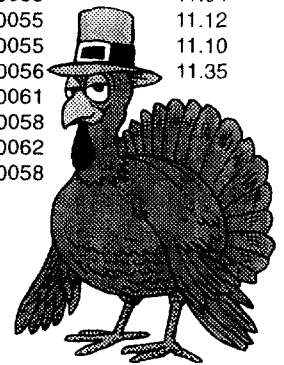
# Class Prices \*

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |               |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Oct 1999   | 1.4859              | 11.75       | 16.54       | 1.5039                           | 13.55       | 18.34       | 1.2427         | 0.9389        | 8.45        | 12.50       |
| Nov        | 1.2560              | 8.81        | 12.90       | 1.2740                           | 10.61       | 14.70       | 1.1652         | 0.9422        | 8.48        | 12.26       |
| Dec        | 1.1652              | 7.78        | 11.59       | 1.1832                           | 9.58        | 13.39       | 0.9874         | 0.9422        | 8.48        | 11.64       |
| Jan 2000   | 0.9854              | 7.72        | 10.90       | 1.0034                           | 9.52        | 12.70       | 0.9436         | 0.9356        | 8.42        | 11.43       |
| Feb        | 0.9302              | 7.72        | 10.71       | 0.9482                           | 9.52        | 12.51       | 0.9658         | 0.9356        | 8.42        | 11.51       |
| Mar        | 0.9713              | 7.71        | 10.84       | 0.9893                           | 9.51        | 12.64       | 1.0261         | 0.9344        | 8.41        | 11.71       |
| Apr        | 0.9989              | 7.70        | 10.93       | 1.0169                           | 9.50        | 12.73       | 1.1422         | 0.9333        | 8.40        | 12.10       |
| May        | 1.1559              | 7.70        | 11.48       | 1.1739                           | 9.50        | 13.28       | 1.2924         | 0.9333        | 8.40        | 12.63       |
| Jun        | 1.2195              | 7.70        | 11.70       | 1.2375                           | 9.50        | 13.50       | 1.4198         | 0.9333        | 8.40        | 13.08       |
| Jul        | 1.4355              | 7.71        | 12.46       | 1.4535                           | 9.51        | 14.26       | 1.2761         | 0.9344        | 8.41        | 12.58       |
| Aug        | 1.2913              | 7.70        | 11.95       | 1.3093                           | 9.50        | 13.75       | 1.2729         | 0.9333        | 8.40        | 12.56       |
| Sep        | 1.2591              | 7.70        | 11.84       | 1.2771                           | 9.50        | 13.64       | 1.2777         | 0.9333        | 8.40        | 12.58       |
| Oct        | 1.2566              | 7.76        | 11.89       | 1.2746                           | 9.56        | 13.69       | 1.2514         | 0.9400        | 8.46        | 12.54       |
| Nov        | 1.2435              | 7.74        | 11.82       | 1.2615                           | 9.54        | 13.62       |                | 0.9378        | 8.44        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Oct 1999   | 1.2357          | 2.6138     | 0.0593       | 8.45        | 12.48       | 1.2357         | 0.8640        | 7.78        | 11.83       |
| Nov        | 1.1582          | 2.0696     | 0.0565       | 6.75        | 10.57       | 1.1582         | 0.8625        | 7.76        | 11.54       |
| Dec        | 0.9804          | 2.0615     | 0.0539       | 6.71        | 9.91        | 0.9804         | 0.8570        | 7.71        | 10.87       |
| Jan 2000   | 0.9366          | 2.1677     | 0.0503       | 7.02        | 10.05       | 0.9366         | 0.8574        | 7.72        | 10.73       |
| Feb        | 0.9588          | 1.9849     | 0.0432       | 6.41        | 9.54        | 0.9588         | 0.8565        | 7.71        | 10.80       |
| Mar        | 1.0191          | 1.9166     | 0.0424       | 6.19        | 9.54        | 1.0191         | 0.8553        | 7.70        | 11.00       |
| Apr        | 1.1352          | 1.7399     | 0.0408       | 5.63        | 9.41        | 1.1352         | 0.8537        | 7.68        | 11.38       |
| May        | 1.2854          | 1.5514     | 0.0403       | 5.05        | 9.37        | 1.2854         | 0.8530        | 7.68        | 11.91       |
| Jun        | 1.4128          | 1.4278     | 0.0438       | 4.68        | 9.46        | 1.4128         | 0.8556        | 7.70        | 12.38       |
| Jul        | 1.2691          | 1.9726     | 0.0557       | 6.44        | 10.66       | 1.2691         | 0.8561        | 7.70        | 11.87       |
| Aug        | 1.2659          | 1.7952     | 0.0577       | 5.91        | 10.13       | 1.2659         | 0.8567        | 7.71        | 11.87       |
| Sep        | 1.2707          | 2.0137     | 0.0502       | 6.54        | 10.76       | 1.2707         | 0.8624        | 7.76        | 11.94       |
| Oct        | 1.2444          | 1.8028     | 0.0471       | 5.87        | 10.02       | 1.2444         | 0.8585        | 7.73        | 11.81       |

# Producer Prices

| Month/Year | Producer Price Differential | Statistical Uniform Price (at 3.50%) | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|-----------------------------|--------------------------------------|-----------------|---------------|--------------------|---------------------|----------------------------------|
|            | <i>cwt.</i>                 | <i>cwt.</i>                          | <i>lb.</i>      | <i>lb.</i>    | <i>lb.</i>         | <i>cwt.</i>         | <i>cwt.</i>                      |
|            | Jan 2000                    | \$0.43                               | \$10.48         | \$0.9366      | \$2.1677           | \$0.0503            | \$0.00058                        |
| Feb        | 0.56                        | 10.10                                | 0.9588          | 1.9849        | 0.0432             | 0.00055             | 11.04                            |
| Mar        | 0.64                        | 10.18                                | 1.0191          | 1.9166        | 0.0424             | 0.00055             | 11.04                            |
| Apr        | 0.74                        | 10.15                                | 1.1352          | 1.7399        | 0.0408             | 0.00055             | 11.12                            |
| May        | 0.90                        | 10.27                                | 1.2854          | 1.5514        | 0.0403             | 0.00055             | 11.10                            |
| Jun        | 0.97                        | 10.43                                | 1.4128          | 1.4278        | 0.0438             | 0.00056             | 11.35                            |
| Jul        | 0.70                        | 11.36                                | 1.2691          | 1.9726        | 0.0557             | 0.00061             |                                  |
| Aug        | 0.84                        | 10.97                                | 1.2659          | 1.7952        | 0.0577             | 0.00058             |                                  |
| Sep        | 0.70                        | 11.46                                | 1.2707          | 2.0137        | 0.0502             | 0.00062             |                                  |
| Oct        | 0.86                        | 10.88                                | 1.2444          | 1.8028        | 0.0471             | 0.00058             |                                  |
| Nov        |                             |                                      |                 |               |                    |                     |                                  |
| Dec        |                             |                                      |                 |               |                    |                     |                                  |
| Jan 2001   |                             |                                      |                 |               |                    |                     |                                  |



\* Prices prior to January 2000 are estimated.

# Summary of Federal Order Data - October 2000

| Federal Order Number / Name | Producer Deliveries<br><i>Thousand Pounds</i> | Class I Producer Receipts | Class I Utilization<br><i>Percent</i> | Class I Price | Producer Price Differential<br><i>Dollars per Cwt.</i> | Statistical Uniform Price at 3.50% |
|-----------------------------|---|---------------------------|---------------------------------------|---------------|--|------------------------------------|
| 1 Northeast                 | 1,894,883                                     | 919,292                   | 48.5                                  | \$ 15.14      | \$ 3.30  | \$ 13.32                           |
| 5 Appalachian               | 503,976                                       | 366,285                   | 72.7                                  | 14.99         | n/a  | 14.27                              |
| 6 Florida                   | 221,324                                       | 198,743                   | 89.8                                  | 15.89         | n/a  | 15.48                              |
| 7 Southeast                 | 626,027                                       | 415,491                   | 66.4                                  | 14.99         | n/a  | 13.89                              |
| <b>30 Upper Midwest</b>     | <b>1,637,673</b>                              | <b>342,775</b>            | <b>20.9</b>                           | <b>13.69</b>  | <b>0.86</b>  | <b>10.88</b>                       |
| 32 Central                  | 1,454,089                                     | 430,842                   | 29.6                                  | 13.89         | 1.38   | 11.40                              |
| 33 Mideast                  | 1,313,325                                     | 568,995                   | 43.3                                  | 13.89         | 2.02   | 12.04                              |
| 124 Pacific Northwest       | 604,839                                       | 182,823                   | 30.2                                  | 13.79         | 1.77   | 11.79                              |
| 126 Southwest               | 728,266                                       | 346,138                   | 47.5                                  | 14.89         | 2.87   | 12.89                              |
| 131 Arizona-Las Vegas       | 238,333                                       | 87,488                    | 36.7                                  | 14.24         | n/a  | 11.99                              |
| 135 Western                 | 295,055                                       | 87,323                    | 29.6                                  | 13.79         | 1.47   | 11.49                              |
| All Market Average or Total | 9,517,789                                     | 3,946,195                 | 41.5                                  |               |  |                                    |

n/a = Not applicable.

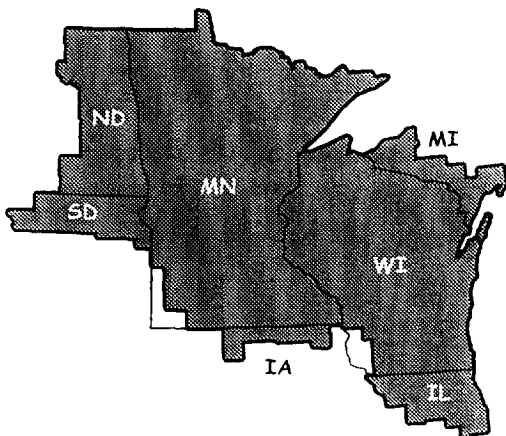
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# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

Volume 1, Issue 9

Upper Midwest Marketing Area, Federal Order No. 30

October 2000

### Special points of interest:

- September Producer Price Differential -- \$0.70 / cwt.
- September Statistical Uniform Price -- \$11.46 / cwt.

## Producer Price Differential at 70¢

The producer price differential (PPD) for the Upper Midwest Order for September 2000 is 70¢ per cwt., down 14¢ from August. The resulting statistical uniform price of \$11.46 per cwt., however, is up 49¢ from August.

Producer milk in September

totalled 1.71 billion pounds, down 4.7% on a daily basis from August. During the month, 17,362 producers delivered to the market with an average daily delivery of 3,357 pounds.

Class I use in September totaled 345 million pounds, up 3.4% on a daily basis from

August. The increase resulted primarily from a seasonal rise in disposition of fluid milk products on routes. During the month, Class I usage accounted for 20.2% of producer milk.

Market statistics for September are shown on Pages 4 and 5.

## Hauling Charges Studied

Milk hauling charges (to the first point of delivery) were examined for May 1999 for both the former Chicago Regional Milk Marketing Area, Federal Order 30, and the former Upper Midwest Marketing Area, Federal Order 68.

A staff paper for each of the marketing areas has been prepared and will be released in the near future.

Both papers will be available on our Web site at [www.fmma.mpls.com](http://www.fmma.mpls.com). Copies will also be available by calling 888-301-8224 (toll free).

Hauling charges used in the studies were the deductions for hauling shown on producer payrolls submitted to the respective Market Administrators. Therefore, the charges do not necessarily

reflect the actual cost of the hauling.

### Chicago Regional

The average hauling charge for producers participating in the former Chicago Regional Order in May 1999 was 11.1¢ per cwt.

For the states from which producer milk was received into the Chicago Regional market, hauling charges averaged 8.8¢ in Illinois, 9.5¢ in Iowa, 10.0¢ in Indiana, 11.2¢ in Wisconsin, 12.6¢ in Minnesota, and 15.8¢ in Michigan.

Hauling charges were noticeably higher in counties located outside fluid milk shed areas and in counties located farthest from major Class I fluid markets. In general the average per hundredweight

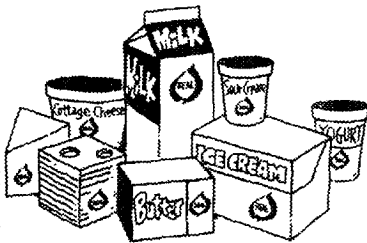
hauling charge decreased as the farm size increased.

### Upper Midwest

The average hauling charge for producers participating in the former Upper Midwest Order in May 1999 was 20.8¢ per cwt., up from 17.6¢ for May 1998 and 17.7¢ for May 1997.

For the states from which producer milk was received into the market, hauling charges averaged 15.3¢ in Wisconsin, 19.6¢ in Iowa, 21.3¢ in Minnesota, 42.7¢ in South Dakota, and 55.5¢ in North Dakota.

The per hundredweight hauling charges in the Upper Midwest Order also generally declined as the volume of milk delivered per farm increased.



### Inside this issue:

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## Members Named to National Dairy Board

The Secretary of Agriculture recently appointed ten new members and reappointed two incumbents to the National Dairy Promotion and Research Board. All will serve three-year terms beginning November 1, 2000. The list below shows the 36 members of the national board effective November 1, 2000. A map showing the 13 regions is shown on Page 3.

The National Dairy Promotion and Research Board, established by the Dairy and Tobacco Adjustment Act of 1983, administers a coordinated program of promotion, research and nutrition education. The board's activities are financed by a mandatory 15¢ per cwt. assessment on milk produced in the contiguous 48 states and marketed commercially by dairy farmers. USDA's Agriculture Marketing Service monitors the activities of the board.

### REGION 1 (Oregon & Washington)

**Elizabeth I. (Liz) Anderson**  
Onalaska, Washington  
2<sup>nd</sup> Term Expires 10/31/01

### REGION 2 (California)

**William R. Ahlem, Jr.**  
Hilmar, California  
1<sup>st</sup> Term Expires 10/31/01

**George E. Gambonini**  
Petaluma, California  
2<sup>nd</sup> Term Expires 10/31/01

**Vernal Gomes**  
Tulare, California  
2<sup>nd</sup> Term Expires 10/31/01

**Dennis A. Leonardi \***  
Ferndale, California  
1<sup>st</sup> Term Expires 10/31/03

**Harvey S. Moranda**  
Orland, California  
1<sup>st</sup> Term Expires 10/31/01

**John Zonneveld, Jr.**  
Laton, California  
1<sup>st</sup> Term Expires 10/31/02

### REGION 3 (Arizona, Colorado, Idaho, Montana, Nevada, Utah, & Wyoming)

**Steve P. Frischknecht**  
Manti, Utah  
1<sup>st</sup> Term Expires 10/31/01

**Pedro R. Lizaso \*\***  
Emmett, Idaho  
2<sup>nd</sup> Term Expires 10/31/03

**Paul Rovey**  
Glendale, Arizona  
2<sup>nd</sup> Term Expires 10/31/02

### REGION 4 (Arkansas, Kansas, New Mexico, Oklahoma, & Texas)

**Charles W. Bryant \***  
Austin, Arkansas  
1<sup>st</sup> Term Expires 10/31/03

**Lynda Foster**  
Fort Scott, Kansas  
1<sup>st</sup> Term Expires 10/31/01

**Neil Hoff**  
Windthorst, Texas  
1<sup>st</sup> Term Expires 10/31/02

### REGION 5 (Minnesota, North Dakota, & South Dakota)

**Arlon E. Fritsche \***  
New Ulm, Minnesota  
1<sup>st</sup> Term Expires 10/31/03

**Glen Schroeder**  
Caledonia, Minnesota  
2<sup>nd</sup> Term Expires 10/31/02

**Loren E. Jons \***  
Bonesteel, South Dakota  
1<sup>st</sup> Term Expires 10/31/03

### REGION 6 (Wisconsin)

**Gregory D. Blaska**  
Sun Prairie, Wisconsin  
2<sup>nd</sup> Term Expires 10/31/01

**Patricia M. Boettcher**  
Bloomer, Wisconsin  
1<sup>st</sup> Term Expires 10/31/02

**Allard L. Peck \***  
Chippewa Falls, Wisconsin  
1<sup>st</sup> Term Expires 10/31/03

**Janet M. Nelson**  
Prairie Farm, Wisconsin  
1<sup>st</sup> Term Expires 10/31/02

**Connie M. Seefeldt \***  
Coleman, Wisconsin  
1<sup>st</sup> Term Expires 10/31/03

### REGION 7 (Illinois, Iowa, Missouri, & Nebraska)

**Wayne E. Dykshorn \***  
Ireton, Iowa  
1<sup>st</sup> Term Expires 10/31/03

**William B. Siebenborn**  
Trenton, Missouri  
2<sup>nd</sup> Term Expires 10/31/02

### REGION 8 (Alabama, Kentucky, Louisiana, Mississippi, & Tennessee)

**James S. Cook**  
Evergreen, Alabama  
2<sup>nd</sup> Term Expires 10/31/02

### REGION 9 (Indiana, Michigan, Ohio, & West Virginia)

**Merle L. Chaplin \*\***  
Moundville, West Virginia  
2<sup>nd</sup> Term Expires 10/31/03

**Joseph P. Logan**  
Kinsman, Ohio  
1<sup>st</sup> Term Expires 10/31/02

**Louis Smith**  
Fremont, Ohio  
2<sup>nd</sup> Term Expires 10/31/01

### REGION 10 (Florida, Georgia, North Carolina, South Carolina, & Virginia)

**Robert Herman**  
Taylorsville, North Carolina  
1<sup>st</sup> Term Expires 10/31/01

**Sanford L. Jones, Jr. \***  
Quitman, Georgia  
1<sup>st</sup> Term Expires 10/31/03

(continued on Page 3)



**REGION 11** (Delaware, Maryland, New Jersey, & Pennsylvania)

**Lewis Gardner \***  
 Galeton, Pennsylvania  
 1<sup>st</sup> Term Expires 10/31/03

**Rita Kennedy**  
 Valencia, Pennsylvania  
 1<sup>st</sup> Term Expires 10/31/02

**David Weitzer**  
 Poolesville, Maryland  
 2<sup>nd</sup> Term Expires 10/31/01

**REGION 12** (New York)

**Jane M. Gillette**  
 Turin, New York  
 2<sup>nd</sup> Term Expires 10/31/01

**Edgar A. King \***  
 Schuylerville, New York  
 1<sup>st</sup> Term Expires 10/31/03

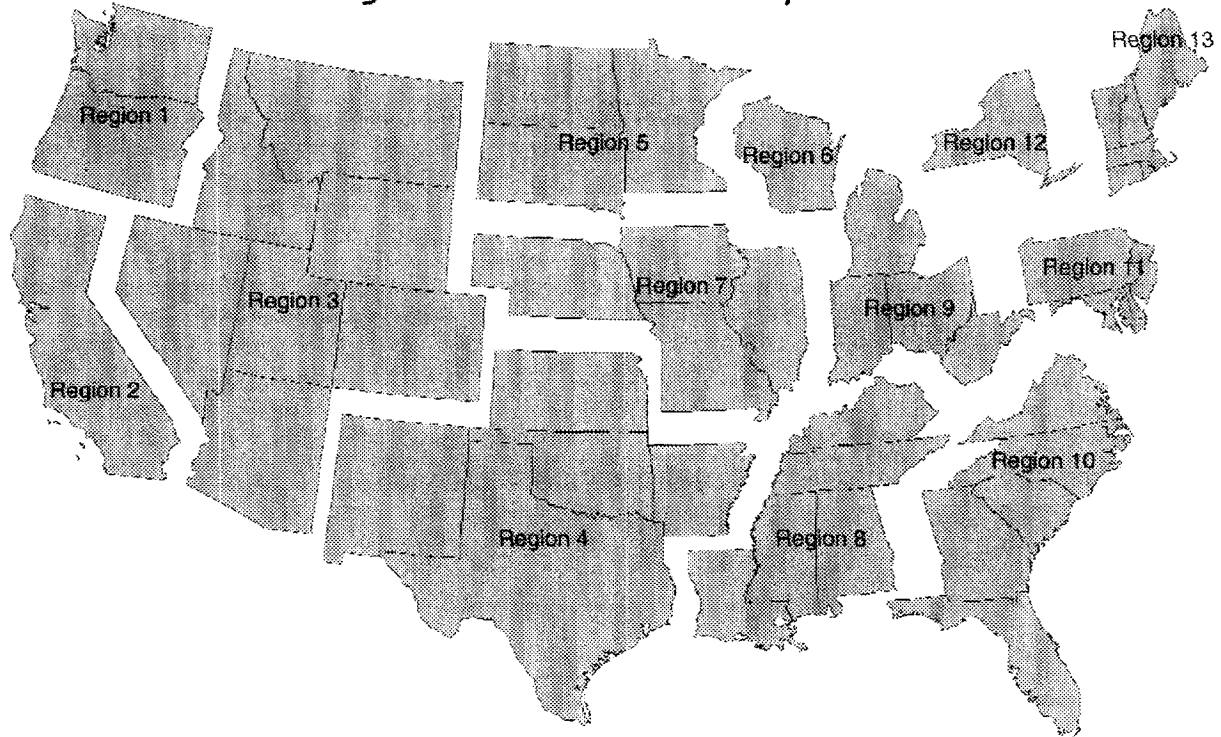
**Ruth I. Laribee**  
 Lowville, New York  
 2<sup>nd</sup> Term Expires 10/31/02

**REGION 13** (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, & Vermont)

**Claude J. Bourbeau**  
 Swanton, Vermont  
 1<sup>st</sup> Term Expires 10/31/02

\* Recently appointed.  
 \*\* Recently reappointed.

**Regions of the National Dairy Board**



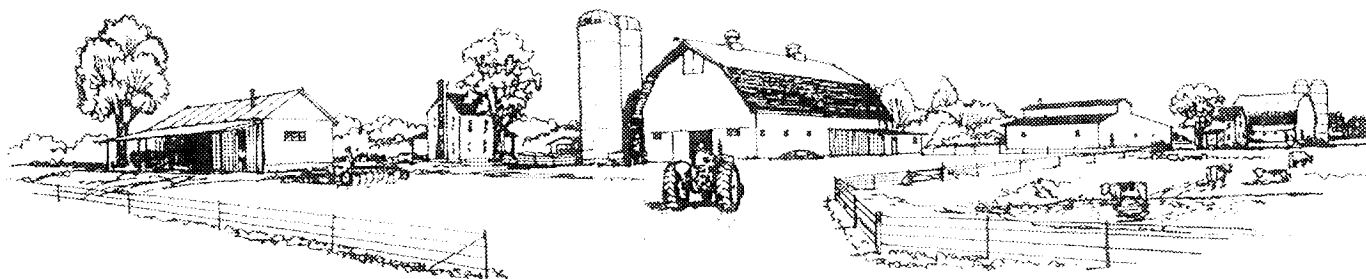
**Upper Midwest Pool Statistics - September 2000**

| Market Class I Differential Rate | Pool Plants   | Received at Pool Plants | Diverted to Pool and Nonpool Plants | Total                | Location Adjustment to Producers | Class I Differential to Handlers |                    |
|----------------------------------|---------------|-------------------------|-------------------------------------|----------------------|----------------------------------|----------------------------------|--------------------|
| <i>Cwt.</i>                      | <i>Number</i> | <i>Pounds</i>           | <i>Pounds</i>                       | <i>Pounds</i>        | <i>Value</i>                     | <i>Pounds</i>                    | <i>Value</i>       |
| \$1.80                           | 4             | 19,990,183              | 24,964,850                          | 44,955,033           | \$ 0                             | 43,751,916                       | \$ 787,534         |
| \$1.75                           | 37            | 208,670,015             | 442,581,425                         | 651,251,440          | 325,626                          | 153,601,928                      | 2,688,034          |
| \$1.70                           | 43            | 179,288,055             | 754,851,371                         | 934,139,426          | 934,140                          | 125,228,917                      | 2,128,892          |
| \$1.65                           | 8             | 28,584,852              | 47,295,788                          | 75,880,640           | 113,821                          | 22,393,380                       | 369,491            |
| Restricted                       | 0             | 0                       | 1,784,356                           | 1,784,356            | 2,585                            | 0                                | 0                  |
| <b>Total</b>                     | <b>92</b>     | <b>436,533,105</b>      | <b>1,271,477,790</b>                | <b>1,708,010,895</b> | <b>\$1,376,172</b>               | <b>344,976,141</b>               | <b>\$5,973,951</b> |

# Computation of Producer Price Differential-September 2000

|   | Utilization<br>Percentage | Product<br>Pounds    | Component<br>Pounds | Rate          | Value                   |
|---|---------------------------|----------------------|---------------------|---------------|-------------------------|
| <b>Class I</b>  |                           |                      |                     |               |                         |
| Differential Value  |                           |                      |                     |               | \$5,973,950.60          |
| Product   | 20.2%                     | 344,976,141          |                     |               |                         |
| Skim Milk   |                           |                      | 339,364,617         | \$ 7.7000     | 26,131,075.58           |
| Butterfat   |                           |                      | 5,611,524           | 1.2591        | 7,065,469.91            |
| <b>Class II</b>   |                           |                      |                     |               |                         |
| Product   | 3.3%                      | 55,980,801           |                     |               |                         |
| Nonfat Solids   |                           |                      | 4,422,753           | 0.9333        | 4,127,755.37            |
| Butterfat   |                           |                      | 6,767,300           | 1.2777        | 8,646,579.18            |
| <b>Class III</b>  |                           |                      |                     |               |                         |
| Product   | 75.7%                     | 1,293,457,311        |                     |               |                         |
| Protein   |                           |                      | 39,129,704          | 2.0137        | 78,795,484.99           |
| Other Solids  |                           |                      | 73,629,850          | 0.0502        | 3,696,218.45            |
| Butterfat   |                           |                      | 46,829,660          | 1.2707        | 59,506,448.96           |
| <b>Class IV</b>   |                           |                      |                     |               |                         |
| Product   | 0.8%                      | 13,596,642           |                     |               |                         |
| Nonfat Solids   |                           |                      | 906,054             | 0.8624        | 781,380.99              |
| Butterfat   |                           |                      | 3,571,683           | 1.2707        | 4,538,537.59            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                      |                     |               | (102,027.20)            |
| <b>Total Producer Milk *</b>                                      |                           | <b>1,708,010,895</b> |                     |               | <b>\$199,160,874.42</b> |
| Add:  |                           |                      |                     |               |                         |
| Overage   |                           |                      |                     |               | 89,926.31               |
| Inventory Reclassified  |                           |                      |                     |               | (23,711.09)             |
| Other Source Milk §.60(h)   |                           |                      |                     |               | 0.00                    |
| Other Source Milk §.60(i)   |                           |                      |                     |               | 0.00                    |
| Subtract:   |                           |                      |                     |               |                         |
| Transportation Credit   |                           |                      |                     |               | 170,584.94              |
| Assembly Credit   |                           |                      |                     |               | 268,294.23              |
| Credit for Reconstituted FMP                                      |                           |                      |                     |               | 0.00                    |
| Producer Milk Protein   |                           |                      |                     |               | 103,744,776.90          |
| Producer Milk Other Solids  |                           |                      |                     |               | 4,876,184.43            |
| Producer Milk Butterfat   |                           |                      |                     |               | 79,774,758.22           |
| Producer Milk SCC Adjustment                                      |                           |                      |                     |               | (102,299.07)            |
| <b>Total Milk and Value</b>                                       |                           | <b>1,708,010,895</b> |                     |               | <b>\$10,494,789.99</b>  |
| Add:  |                           |                      |                     |               |                         |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                      |                     |               | 1,376,171.58            |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                      |                     |               | 860,306.15              |
| <b>Total Value</b>  |                           |                      |                     | 0.745386      | <b>\$12,731,267.72</b>  |
| Subtract:   |                           |                      |                     |               |                         |
| Producer Settlement Fund Reserve                                  |                           |                      |                     | 0.045386      | 775,191.45              |
| <b>Producer Price Differential</b> (Dollars Per Cwt.--Base Zone)  |                           |                      |                     | <b>\$0.70</b> | <b>\$11,956,076.27</b>  |

\* An estimated 56 million pounds of milk was not pooled.



# Utilization and Classification

|   | September 2000       |                   | August 2000          |
|---|----------------------|-------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |
| Packaged Disposition                      |                      |                   |                      |
| Milk                                      | 52,155,956           | 1,703,516         | 55,629,380           |
| Flavored Milk                             | 7,562,661            | 183,230           | 7,461,049            |
| Reduced Fat Milk                          | 132,675,030          | 2,620,919         | 135,749,677          |
| Lowfat Milk                               | 44,074,597           | 441,359           | 41,822,333           |
| Fat Free Milk                             | 84,843,849           | 90,233            | 84,869,620           |
| Flavored Reduced and Fat Free Milk        | 25,053,867           | 276,408           | 14,714,252           |
| Buttermilk                                | 2,681,650            | 27,762            | 2,523,813            |
| Total Packaged Disposition                | 349,047,610          | 5,343,427         | 342,770,124          |
| Total Ending Inventory                    | 26,320,985           | 417,137           | 27,735,835           |
| Bulk to Nonpool Plants                    | 8,583,387            | 151,691           | 7,066,580            |
| Shrinkage                                 | 3,384,310            | 299,654           | 4,569,017            |
| Total Class I Utilization                 | 387,336,292          | 6,211,909         | 382,141,556          |
| Other Order Plants                        | (13,561,957)         | (149,427)         | (15,110,288)         |
| Beginning Inventory                       | (28,520,333)         | (445,098)         | (23,101,524)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (198,219)            | (2,235)           | (221,819)            |
| Overage                                   | --                   | --                | 0                    |
| Interhandler Adjustment                   | (79,642)             | (3,625)           | 954,229              |
| <b>Class I Producer Milk</b>              | <b>344,976,141</b>   | <b>5,611,524</b>  | <b>344,662,154</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |
| Total Class II Utilization                | 68,473,807           | 7,681,731         | 85,919,199           |
| Other Order Plants                        | (3,093,250)          | (110,626)         | (4,859,499)          |
| Beginning Inventory                       | (2,709,338)          | (86,315)          | (4,426,150)          |
| Reused Products                           | (5,367,478)          | (664)             | (6,415,567)          |
| Other Source Milk                         | (984,334)            | (698,223)         | (1,774,710)          |
| Overage                                   | (338,606)            | (18,603)          | --                   |
| <b>Class II Producer Milk</b>             | <b>55,980,801</b>    | <b>6,767,300</b>  | <b>68,443,273</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |
| Total Class III Utilization               | 1,323,112,563        | 47,893,090        | 1,475,608,979        |
| Other Order Plants                        | (18,158,564)         | (710,672)         | (24,844,092)         |
| Beginning Inventory                       | (4,255,544)          | (159,384)         | (8,149,948)          |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (7,003,521)          | (190,810)         | (10,700,457)         |
| Overage                                   | (237,623)            | (2,564)           | (841,144)            |
| <b>Class III Producer Milk</b>            | <b>1,293,457,311</b> | <b>46,829,660</b> | <b>1,431,073,338</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |
| Total Class IV Utilization                | 35,473,422           | 5,051,209         | 32,960,860           |
| Other Order Plants                        | (7,339,074)          | (524,783)         | (7,458,608)          |
| Beginning Inventory                       | (8,568,108)          | (569,999)         | (10,051,130)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (5,790,577)          | (380,375)         | (7,578,376)          |
| Overage                                   | (179,021)            | (4,369)           | (47,283)             |
| <b>Class IV Producer Milk</b>             | <b>13,596,642</b>    | <b>3,571,683</b>  | <b>7,825,463</b>     |
| <b>Total Producer Milk -- All Classes</b> | <b>1,708,010,895</b> | <b>62,780,167</b> | <b>1,852,004,228</b> |

-- Restricted Information

## Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |         |         |        |        |          | Weighted Two-Week Average NASS Prices * |         |         |        |        |          |
|------------|--|---------|---------|--------|--------|----------|---|---------|---------|--------|--------|----------|
|            | Blocks                                 | Barrels | Average | Butter | NFDM   | Dry Whey | Blocks                                  | Barrels | Average | Butter | NFDM   | Dry Whey |
|            | <i>Dollars per Pound</i>               |         |         |        |        |          | <i>Dollars per Pound</i>                |         |         |        |        |          |
| Sep 1999   | 1.8023                                 | 1.6286  | 1.7084  | 1.3252 | 1.0174 | 0.1892   | 1.8770                                  | 1.7310  | 1.8008  | 1.3324 | 1.0155 | 0.1872   |
| Oct        | 1.4388                                 | 1.3415  | 1.3934  | 1.1273 | 1.0183 | 0.1944   | 1.4851                                  | 1.3841  | 1.4359  | 1.1439 | 1.0188 | 0.1920   |
| Nov        | 1.2143                                 | 1.1713  | 1.2058  | 1.0637 | 1.0168 | 0.1917   | 1.2583                                  | 1.2188  | 1.2521  | 1.0695 | 1.0184 | 0.1901   |
| Dec        | 1.1319                                 | 1.1096  | 1.1371  | 0.9179 | 1.0111 | 0.1892   | 1.1191                                  | 1.1008  | 1.1268  | 0.9220 | 1.0125 | 0.1870   |
| Jan 2000   | 1.1417                                 | 1.1279  | 1.1517  | 0.8820 | 1.0115 | 0.1857   | 1.1652                                  | 1.1416  | 1.1696  | 0.8768 | 1.0114 | 0.1859   |
| Feb        | 1.1028                                 | 1.0793  | 1.1067  | 0.9002 | 1.0106 | 0.1788   | 1.1054                                  | 1.0804  | 1.1084  | 0.9105 | 1.0104 | 0.1800   |
| Mar        | 1.0993                                 | 1.0854  | 1.1093  | 0.9497 | 1.0094 | 0.1780   | 1.0953                                  | 1.0841  | 1.1073  | 0.9331 | 1.0098 | 0.1771   |
| Apr        | 1.0979                                 | 1.0733  | 1.1011  | 1.0449 | 1.0078 | 0.1765   | 1.0985                                  | 1.0770  | 1.1035  | 1.0618 | 1.0096 | 0.1774   |
| May        | 1.0892                                 | 1.0793  | 1.1022  | 1.1680 | 1.0071 | 0.1760   | 1.0911                                  | 1.0768  | 1.1011  | 1.1140 | 1.0100 | 0.1755   |
| Jun        | 1.0996                                 | 1.0929  | 1.1137  | 1.2725 | 1.0097 | 0.1794   | 1.0914                                  | 1.0851  | 1.1060  | 1.2911 | 1.0106 | 0.1794   |
| Jul        | 1.1992                                 | 1.2041  | 1.2189  | 1.1547 | 1.0102 | 0.1909   | 1.2013                                  | 1.2175  | 1.2269  | 1.1729 | 1.0093 | 0.1893   |
| Aug        | 1.1979                                 | 1.1104  | 1.1660  | 1.1520 | 1.0108 | 0.1929   | 1.2029                                  | 1.1406  | 1.1847  | 1.1465 | 1.0091 | 0.1940   |
| Sep        | 1.2653                                 | 1.1719  | 1.2315  | 1.1560 | 1.0166 | 0.1856   | 1.2720                                  | 1.1797  | 1.2380  | 1.1444 | 1.0168 | 0.1856   |

| Month/Year | Chicago Mercantile Exchange |              |               |         |         |         |          |  |
|------------|-----------------------------|--------------|---------------|---------|---------|---------|----------|--|
|            | Butter Prices               |              | Cheese Prices |         | NFDM    |         | Dry Whey |  |
|            | Grade AA **                 | 40 lb. Block | Barrel        | Central | Western | Central | Western  |  |
|            | <i>Dollars per Pound</i>    |              |               |         |         |         |          |  |
| Sep 1999   | 1.3393                      | 1.6183       | 1.4996        | 1.0486  | 1.0183  | 0.2079  | 0.1902   |  |
| Oct        | 1.1248                      | 1.3031       | 1.2656        | 1.0451  | 1.0175  | 0.1938  | 0.1994   |  |
| Nov        | 1.0725                      | 1.1435       | 1.1251        | 1.0343  | 1.0109  | 0.1834  | 0.2041   |  |
| Dec        | 0.9163                      | 1.1545       | 1.1475        | 1.0168  | 1.0039  | 0.1865  | 0.2004   |  |
| Jan 2000   | 0.9090                      | 1.1285       | 1.1101        | 1.0090  | 1.0038  | 0.1811  | 0.1911   |  |
| Feb        | 0.9245                      | 1.1090       | 1.0910        | 1.0025  | 1.0024  | 0.1751  | 0.1799   |  |
| Mar        | 1.0200                      | 1.1139       | 1.0936        | 1.0009  | 1.0000  | 0.1772  | 0.1780   |  |
| Apr        | 1.0691                      | 1.1032       | 1.0822        | 1.0000  | 1.0006  | 0.1725  | 0.1763   |  |
| May        | 1.2450                      | 1.0950       | 1.0860        | 1.0008  | 1.0022  | 0.1755  | 0.1758   |  |
| Jun        | 1.2440                      | 1.2050       | 1.1901        | 1.0122  | 1.0048  | 0.1868  | 0.1784   |  |
| Jul        | 1.1790                      | 1.2345       | 1.1916        | 1.0225  | 1.0060  | 0.1970  | 0.1855   |  |
| Aug        | 1.1933                      | 1.2460       | 1.1049        | 1.0227  | 1.0104  | 0.1804  | 0.1873   |  |
| Sep        | 1.1727                      | 1.2953       | 1.2360        | 1.0244  | 1.0100  | 0.1753  | 0.1853   |  |

## Market Statistics

| Month/Year | Distributing Plants | Supply Plants | Coop. (c) Handlers | Producers | Total Producer Milk<br><i>Mil. lbs.</i> | Estimated Average Daily Delivery<br><i>Pounds</i> | Butterfat Test<br><i>Percent</i> | Protein Test<br><i>Percent</i> | Other Solids Test<br><i>Percent</i> | Weighted Average SCC<br><i>(000)</i> |
|------------|---------------------|---------------|--------------------|-----------|---|---|----------------------------------|--------------------------------|-------------------------------------|--------------------------------------|
| Jan 2000   | 29                  | 84            | 12                 | 22,923    | 2,433                                   | 3,486   | 3.81                             | 3.05                           | 5.66                                | 308                                  |
| Feb        | 28                  | 79            | 11                 | 22,874    | 2,269                                   | 3,491   | 3.78                             | 3.02                           | 5.68                                | 316                                  |
| Mar        | 28                  | 76            | 11                 | 21,808    | 2,261                                   | 3,389   | 3.76                             | 3.00                           | 5.72                                | 329                                  |
| Apr        | 29                  | 75            | 11                 | 20,499    | 2,069                                   | 3,415   | 3.76                             | 3.00                           | 5.72                                | 321                                  |
| May        | 29                  | 73            | 11                 | 20,091    | 2,085                                   | 3,402   | 3.67                             | 2.96                           | 5.74                                | 327                                  |
| Jun        | 29                  | 72            | 10                 | 18,854    | 1,933                                   | 3,370   | 3.64                             | 2.95                           | 5.74                                | 349                                  |
| Jul        | 26                  | 69            | 10                 | 18,195    | 1,917                                   | 3,364   | 3.59                             | 2.91                           | 5.72                                | 371                                  |
| Aug        | 27                  | 70            | 10                 | 18,083    | 1,852                                   | 3,382   | 3.59                             | 2.93                           | 5.70                                | 377                                  |
| Sep        | 25                  | 67            | 10                 | 17,362    | 1,708                                   | 3,357   | 3.68                             | 3.02                           | 5.69                                | 360                                  |
| Oct        |                     |               |                    |           |   |   |                                  |                                |                                     |                                      |
| Nov        |                     |               |                    |           |   |   |                                  |                                |                                     |                                      |
| Dec        |                     |               |                    |           |   |   |                                  |                                |                                     |                                      |
| Jan 2001   |                     |               |                    |           |   |   |                                  |                                |                                     |                                      |

\* NASS = National Agricultural Statistics Service, USDA. \*\* Prices prior to January 2000 are FMMA reported prices.

# Class Prices \*

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |            |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Butterfat      | Nonfat     |             | 3.50%       |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i> | <i>cwt.</i> | <i>cwt.</i> |
| Sep 1999   | 1.5937              | 10.03       | 15.26       | 1.6117                           | 11.83       | 17.06       | 1.4841         | 0.9322     | 8.39        | 13.29       |
| Oct        | 1.4859              | 11.75       | 16.54       | 1.5039                           | 13.55       | 18.34       | 1.2427         | 0.9389     | 8.45        | 12.50       |
| Nov        | 1.2560              | 8.81        | 12.90       | 1.2740                           | 10.61       | 14.70       | 1.1652         | 0.9422     | 8.48        | 12.26       |
| Dec        | 1.1652              | 7.78        | 11.59       | 1.1832                           | 9.58        | 13.39       | 0.9874         | 0.9422     | 8.48        | 11.64       |
| Jan 2000   | 0.9854              | 7.72        | 10.90       | 1.0034                           | 9.52        | 12.70       | 0.9436         | 0.9356     | 8.42        | 11.43       |
| Feb        | 0.9302              | 7.72        | 10.71       | 0.9482                           | 9.52        | 12.51       | 0.9658         | 0.9356     | 8.42        | 11.51       |
| Mar        | 0.9713              | 7.71        | 10.84       | 0.9893                           | 9.51        | 12.64       | 1.0261         | 0.9344     | 8.41        | 11.71       |
| Apr        | 0.9989              | 7.70        | 10.93       | 1.0169                           | 9.50        | 12.73       | 1.1422         | 0.9333     | 8.40        | 12.10       |
| May        | 1.1559              | 7.70        | 11.48       | 1.1739                           | 9.50        | 13.28       | 1.2924         | 0.9333     | 8.40        | 12.63       |
| Jun        | 1.2195              | 7.70        | 11.70       | 1.2375                           | 9.50        | 13.50       | 1.4198         | 0.9333     | 8.40        | 13.08       |
| Jul        | 1.4355              | 7.71        | 12.46       | 1.4535                           | 9.51        | 14.26       | 1.2761         | 0.9344     | 8.41        | 12.58       |
| Aug        | 1.2913              | 7.70        | 11.95       | 1.3093                           | 9.50        | 13.75       | 1.2729         | 0.9333     | 8.40        | 12.56       |
| Sep        | 1.2591              | 7.70        | 11.84       | 1.2771                           | 9.50        | 13.64       | 1.2777         | 0.9333     | 8.40        | 12.58       |
| Oct        | 1.2566              | 7.76        | 11.89       | 1.2746                           | 9.56        | 13.69       |                | 0.9400     | 8.46        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Sep 1999   | 1.4771          | 3.3853     | 0.0539       | 10.81       | 15.60       | 1.4771         | 0.8631        | 7.77        | 12.67       |
| Oct        | 1.2357          | 2.6138     | 0.0593       | 8.45        | 12.48       | 1.2357         | 0.8640        | 7.78        | 11.83       |
| Nov        | 1.1582          | 2.0696     | 0.0565       | 6.75        | 10.57       | 1.1582         | 0.8625        | 7.76        | 11.54       |
| Dec        | 0.9804          | 2.0615     | 0.0539       | 6.71        | 9.91        | 0.9804         | 0.8570        | 7.71        | 10.87       |
| Jan 2000   | 0.9366          | 2.1677     | 0.0503       | 7.02        | 10.05       | 0.9366         | 0.8574        | 7.72        | 10.73       |
| Feb        | 0.9588          | 1.9849     | 0.0432       | 6.41        | 9.54        | 0.9588         | 0.8565        | 7.71        | 10.80       |
| Mar        | 1.0191          | 1.9166     | 0.0424       | 6.19        | 9.54        | 1.0191         | 0.8553        | 7.70        | 11.00       |
| Apr        | 1.1352          | 1.7399     | 0.0408       | 5.63        | 9.41        | 1.1352         | 0.8537        | 7.68        | 11.38       |
| May        | 1.2854          | 1.5514     | 0.0403       | 5.05        | 9.37        | 1.2854         | 0.8530        | 7.68        | 11.91       |
| Jun        | 1.4128          | 1.4278     | 0.0438       | 4.68        | 9.46        | 1.4128         | 0.8556        | 7.70        | 12.38       |
| Jul        | 1.2691          | 1.9726     | 0.0557       | 6.44        | 10.66       | 1.2691         | 0.8561        | 7.70        | 11.87       |
| Aug        | 1.2659          | 1.7952     | 0.0577       | 5.91        | 10.13       | 1.2659         | 0.8567        | 7.71        | 11.87       |
| Sep        | 1.2707          | 2.0137     | 0.0502       | 6.54        | 10.76       | 1.2707         | 0.8624        | 7.76        | 11.94       |

# Producer Prices

| Month/Year | Producer Price Differential | Statistical Uniform Price (at 3.50%) | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|-----------------------------|--------------------------------------|-----------------|---------------|--------------------|---------------------|----------------------------------|
|            | <i>cwt.</i>                 | <i>cwt.</i>                          | <i>lb.</i>      | <i>lb.</i>    | <i>lb.</i>         | <i>cwt.</i>         | <i>cwt.</i>                      |
| Jan 2000   | \$0.43                      | \$10.48                              | \$0.9366        | \$2.1677      | \$0.0503           | \$0.00058           | \$11.41                          |
| Feb        | 0.56                        | 10.10                                | 0.9588          | 1.9849        | 0.0432             | 0.00055             | 11.04                            |
| Mar        | 0.64                        | 10.18                                | 1.0191          | 1.9166        | 0.0424             | 0.00055             | 11.04                            |
| Apr        | 0.74                        | 10.15                                | 1.1352          | 1.7399        | 0.0408             | 0.00055             | 11.12                            |
| May        | 0.90                        | 10.27                                | 1.2854          | 1.5514        | 0.0403             | 0.00055             | 11.10                            |
| Jun        | 0.97                        | 10.43                                | 1.4128          | 1.4278        | 0.0438             | 0.00056             |                                  |
| Jul        | 0.70                        | 11.36                                | 1.2691          | 1.9726        | 0.0557             | 0.00061             |                                  |
| Aug        | 0.84                        | 10.97                                | 1.2659          | 1.7952        | 0.0577             | 0.00058             |                                  |
| Sep        | 0.70                        | 11.46                                | 1.2707          | 2.0137        | 0.0502             | 0.00062             |                                  |
| Oct        |                             |                                      |                 |               |                    |                     |                                  |
| Nov        |                             |                                      |                 |               |                    |                     |                                  |
| Dec        |                             |                                      |                 |               |                    |                     |                                  |
| Jan 2001   |                             |                                      |                 |               |                    |                     |                                  |

\* Prices prior to January 2000 are estimated.

# Summary of Federal Order Data - September 2000

| Federal Order Number / Name | Producer Deliveries    | Class I Producer Receipts | Class I Utilization | Class I Price | Producer Price Differential | Statistical Uniform Price at 3.50% |
|-----------------------------|------------------------|---------------------------|---------------------|---------------|-----------------------------|------------------------------------|
|                             | <i>Thousand Pounds</i> |                           | <i>Percent</i>      |               | <i>Dollars per Cwt.</i>     |                                    |
| 1 Northeast                 | 1,835,293              | 903,909                   | 49.3                | \$ 15.09      | \$ 2.87                     | \$ 13.63                           |
| 5 Appalachian               | 469,034                | 357,920                   | 76.3                | 14.94         | n/a                         | 14.41                              |
| 6 Florida                   | 203,778                | 186,789                   | 91.7                | 15.84         | n/a                         | 15.59                              |
| 7 Southeast                 | 563,357                | 405,278                   | 71.9                | 14.94         | n/a                         | 14.16                              |
| 30 Upper Midwest            | 1,708,011              | 344,976                   | 20.2                | 13.64         | 0.70                        | 11.46                              |
| 32 Central                  | 1,331,781              | 418,044                   | 31.4                | 13.84         | 1.21                        | 11.97                              |
| 33 Mideast                  | 1,259,412              | 577,626                   | 45.9                | 13.84         | 1.77                        | 12.53                              |
| 124 Pacific Northwest       | 598,367                | 180,779                   | 30.2                | 13.74         | 1.35                        | 12.11                              |
| 126 Southwest               | 681,902                | 334,954                   | 49.1                | 14.84         | 2.52                        | 13.28                              |
| 131 Arizona-Las Vegas       | 229,401                | 79,581                    | 34.7                | 14.19         | n/a                         | 12.32                              |
| 135 Western                 | 290,937                | 85,455                    | 29.4                | 13.74         | 1.18                        | 11.94                              |
| All Market Average or Total | 9,171,273              | 3,875,311                 | 42.3                |               |                             |                                    |

n/a = Not applicable.

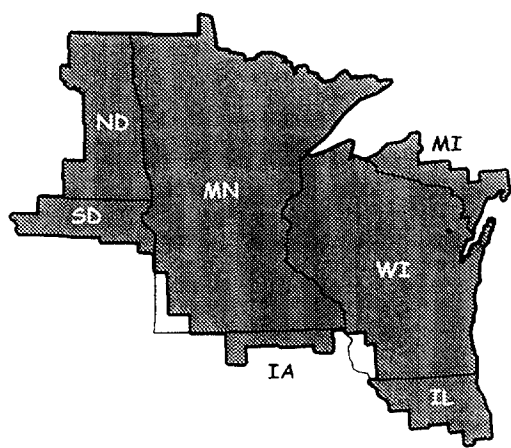
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# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

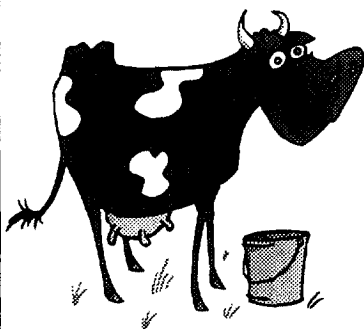
Volume 1, Issue 8

Upper Midwest Marketing Area, Federal Order No. 30

September 2000

### Special points of interest:

- August Producer Price Differential -- \$0.84 / cwt.
- August Statistical Uniform Price -- \$10.97 / cwt.



### Inside this issue:

Mailbox Milk Prices ..... 2

Release of Publications .... 2

CCC Purchase Prices ..... 3

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Utilization and Classification..... 5

Commodity Prices and Market Statistics ..... 6

Class Prices and Producer Prices ..... 7

## Producer Price Differential at 84¢

The producer price differential for the Upper Midwest Order for August 2000 is 84¢ per cwt., up 14¢ from July. The resulting statistical uniform price of \$10.97 per cwt., however, is down 39¢ from July.

Producer milk in August 2000 totaled 1.85 billion pounds, down 3.4% from

July. During the month, 18,083 producers delivered to the market with an average daily delivery of 3,382 pounds.

Class I use in August totaled 345 million pounds, up nearly 10% from July. The increase resulted primarily from a seasonal rise in disposition of fluid milk products on routes

and a rise in Class I bulk movements to nonpool plants, primarily other Federal order plants.

During the month, Class I usage accounted for 18.6% of producer milk.

Market statistics for August are shown on Pages 4 and 5.

## Robert A. Bohse Named Assistant Market Administrator

Robert A. Bohse was named Assistant Market Administrator for the Upper Midwest Marketing Area, effective September 10, 2000.

Bob's primary responsibilities will involve field audit, audit review, marketing service, coop qualification, and producer payroll.

Bob, a native of Merrill, Wisconsin, has 31 years of Federal order experience and has had a wide range of responsibilities in the Federal milk order program.

Over the years, Bob has worked in several Market Administrator offices, including: Appleton, Wisconsin; Wisconsin Rapids, Wisconsin;



Wausau, Wisconsin; Chicago, Illinois; and Minneapolis, Minnesota. Bob and Victor Halverson

serve as the two Assistant Market Administrators for the Upper Midwest Marketing Area.

## Mailbox Milk Prices -- Federal Orders & California

The Dairy Programs section of the Agricultural Marketing Service, through its Federal milk order Market Administrator offices, collects and publishes "mailbox milk prices".

The table below shows these prices for selected Federal orders for 1999 and the first four months of 2000. California is

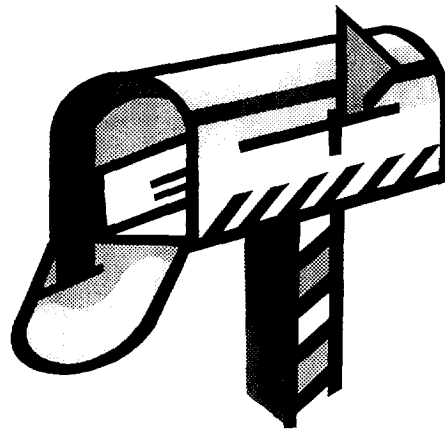
not part of the Federal order program, but the California Department of Food and Agriculture, Dairy Marketing Branch, calculates a mailbox price. This price has been included for comparison purposes.

The mailbox price is defined as the net price received by dairy farmers for milk,

including all payments received for milk sold and deducting costs associated with marketing the milk. The information reported is intended to be representative of the entire market by including data for the major cooperatives and handlers with nonmember supplies operating in the market. All mailbox prices are reported at test.

| Order <sup>1</sup>               | Jan-99         | Feb-99         | Mar-99         | Apr-99         | May-99         | Jun-99         | Jul-99         | Aug-99         | Sep-99         | Oct-99         | Nov-99         | Dec-99         |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Northeast                        | \$17.35        | \$15.48        | \$15.37        | \$11.91        | \$12.38        | \$12.64        | \$13.14        | \$13.85        | \$15.26        | \$15.20        | \$15.00        | \$12.31        |
| Mideast                          | 18.08          | 16.67          | 16.34          | 12.07          | 12.66          | 12.71          | 12.79          | 13.22          | 15.29          | 15.81          | 15.85          | 12.39          |
| Appalachian                      | 18.94          | 18.85          | 17.91          | 12.61          | 13.40          | 13.93          | 13.66          | 13.80          | 15.83          | 17.10          | 17.47          | 13.72          |
| Southeast                        | 18.40          | 18.10          | 16.99          | 12.00          | 12.87          | 13.15          | 13.08          | 13.35          | 15.38          | 16.15          | 16.20          | 12.70          |
| Florida                          | 20.27          | 20.32          | 19.28          | 14.09          | 15.06          | 15.38          | 15.70          | 16.22          | 17.94          | 19.29          | 18.72          | 15.59          |
| Upper Midwest                    | 17.18          | 13.04          | 13.62          | 12.52          | 12.21          | 12.45          | 13.96          | 16.12          | 16.20          | 13.55          | 12.29          | 11.29          |
| Central                          | 17.26          | 14.33          | 14.53          | 11.65          | 12.01          | 12.23          | 12.85          | 13.62          | 15.25          | 14.48          | 13.87          | 11.50          |
| Southwest                        | 16.87          | 14.85          | 14.72          | 11.36          | 12.07          | 12.54          | 13.26          | 13.89          | 15.33          | 14.93          | 14.52          | 12.44          |
| Western                          | 16.10          | 12.33          | 12.87          | 11.29          | 11.34          | 11.73          | 12.53          | 13.72          | 14.62          | 12.47          | 10.96          | 10.39          |
| Pacific Northwest                | 16.07          | 14.42          | 14.37          | 11.46          | 12.10          | 12.67          | 12.64          | 13.19          | 14.13          | 13.64          | 13.46          | 11.45          |
| <b>Weighted Avg.<sup>2</sup></b> | <b>\$17.43</b> | <b>\$15.00</b> | <b>\$15.02</b> | <b>\$12.05</b> | <b>\$12.38</b> | <b>\$12.65</b> | <b>\$13.31</b> | <b>\$14.21</b> | <b>\$15.49</b> | <b>\$14.70</b> | <b>\$14.17</b> | <b>\$12.00</b> |
| California                       | \$15.89        | \$14.18        | \$13.95        | \$12.26        | \$12.05        | \$12.70        | \$13.16        | \$15.02        | \$14.41        | \$13.69        | \$13.02        | \$11.36        |

| Order <sup>1</sup>               | Jan-00         | Feb-00         | Mar-00         | Apr-00         |
|----------------------------------|----------------|----------------|----------------|----------------|
| Northeast                        | \$12.08        | \$11.96        | \$12.13        | \$11.85        |
| Mideast                          | 12.14          | 12.03          | 11.93          | 12.03          |
| Appalachian                      | 13.10          | 12.87          | 12.93          | 12.98          |
| Southeast                        | 11.87          | 11.64          | 11.47          | 11.53          |
| Florida                          | 14.88          | 14.91          | 14.77          | 14.95          |
| Upper Midwest                    | 11.41          | 11.04          | 11.04          | 11.12          |
| Central                          | 11.50          | 11.20          | 11.13          | 11.06          |
| Southwest                        | 12.06          | 11.77          | 11.66          | 11.49          |
| Western                          | 10.67          | 10.69          | 10.35          | 10.08          |
| Pacific Northwest                | 11.26          | 11.20          | 11.30          | 11.37          |
| <b>Weighted Avg.<sup>2</sup></b> | <b>\$11.87</b> | <b>\$11.66</b> | <b>\$11.66</b> | <b>\$11.61</b> |
| California                       | \$10.88        | \$10.72        | \$10.80        | \$11.03        |



<sup>1</sup> Federal milk orders for which information can be released. The 31 Federal milk orders in effect in 1999 were consolidated into 11 orders, effective January 1, 2000. The 1999 mailbox prices shown here are the weighted average of the prices for the orders that were consolidated and are for comparison purposes only. Prices are dollars per cwt.

<sup>2</sup> Weighted average of information for the orders listed.

## Release of Publications

The following two publications were recently released by this office. Both publications are available on our Web site at [www.fmmampls.com](http://www.fmmampls.com). Copies are also available by calling toll free to 888-301-8224.

### Annual Statistical Report

The *Annual Statistical Report 1999* contains data relating to the former Chicago Regional Milk Marketing Area, Federal Order 30.

### Milk Component Paper

The *Analysis of Component Levels and Somatic Cell Count in Individual Herd Milk at the Farm Level, 1999* reviews data for the former Upper Midwest Marketing Area, Federal Order 68.



## USDA Changes CCC Purchase Prices for Dairy Products

The U.S. Department of Agriculture recently announced that the Commodity Credit Corporation (CCC) purchase prices for butter, cheese, and nonfat dry milk (NFDM) bought under the Dairy Price Support Program have been adjusted.

The Agriculture, Rural Development,

Food and Drug Administration, and Related Agencies Appropriation Act, 2000, extended the price support program through calendar year (CY) 2000 at the 1999 support price of \$9.90 per cwt. for milk at 3.67% butterfat.

The Secretary of Agriculture is permitted to change the purchase prices for

butter, cheese and NFDM twice during CY 2000. Using that authority, the announced purchase prices for these products were adjusted as shown below in order to reflect the new pricing formulas under the reformed Federal milk marketing orders. The new purchase prices were effective July 31, 2000.

| Commodity Credit Corporation Purchase Prices   |                                  |                                       |         |
|--|----------------------------------|---------------------------------------|---------|
|  | Produced before<br>July 31, 2000 | Produced on or after<br>July 31, 2000 | Change  |
| ----- Dollars Per Pound -----  |                                  |                                       |         |
| <b>Butter, U.S. Grade A or Higher</b>  |                                  |                                       |         |
| 25-kg. blocks: Salted  | 0.6500                           | 0.6680                                | +0.0180 |
| <b>Nonfat Dry Milk (spray), U.S. Extra Grade<br/>(but not more than 3.5% moisture)</b> |                                  |                                       |         |
| 25-kg. bags: Nonfortified <sup>1</sup>   | 1.0100                           | 1.0100                                | -0-     |
| Fortified (Vitamins A & D)   | 1.0200                           | 1.0200                                | -0-     |
| <b>Cheddar Cheese, Standard Moisture Basis <sup>2</sup></b>                            |                                  |                                       |         |
| 40-pound blocks, U.S. Grade A or Higher  | 1.1000                           | 1.1220                                | +0.0220 |
| 500-pound barrels, U.S. Extra Grade  | 1.0700                           | 1.0920                                | +0.0220 |

<sup>1</sup> Nonfat dry milk in bags classified as "Type X" will be accepted at a discount of 0.50 cent (1/2 cent) per pound.  
<sup>2</sup> Subject to adjustment for moisture content.

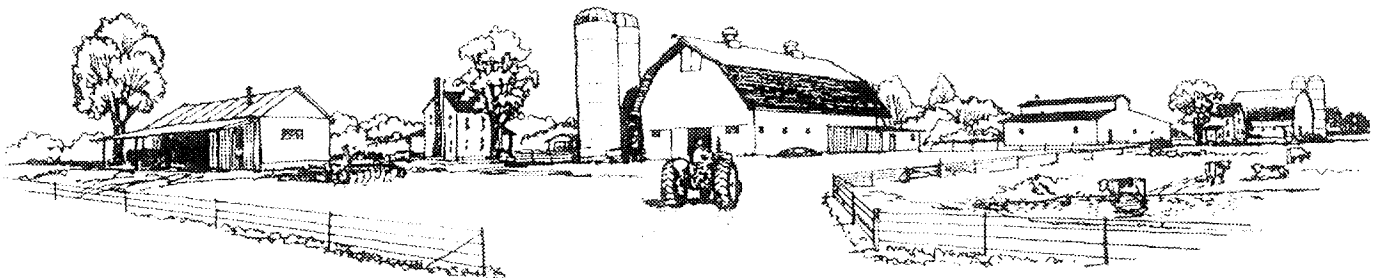
## Upper Midwest Pool Statistics - August 2000

| Market Class I<br>Differential<br>Rate | Pool<br>Plants | Received at<br>Pool Plants | Diverted to<br>Pool and<br>Nonpool Plants | Total         | Location<br>Adjustment to<br>Producers | Class I Differential<br>to Handlers |             |
|--|----------------|----------------------------|---|---------------|--|-------------------------------------|-------------|
| Cwt.                                   | Number         | Pounds                     | Pounds                                    | Pounds        | Value                                  | Pounds                              | Value       |
| \$1.80                                 | 5              | 39,354,612                 | 6,809,167                                 | 46,163,779    | \$ 0                                   | 42,955,389                          | \$ 773,197  |
| \$1.75                                 | 40             | 274,413,814                | 524,460,764                               | 798,874,578   | 399,437                                | 158,169,208                         | 2,767,961   |
| \$1.70                                 | 44             | 161,998,246                | 768,421,860                               | 930,420,106   | 930,420                                | 122,379,518                         | 2,080,452   |
| \$1.65                                 | 8              | 27,641,053                 | 44,865,089                                | 72,506,142    | 108,759                                | 21,158,039                          | 349,108     |
| Restricted                             | 0              | 0                          | 4,039,623                                 | 4,039,623     | (5,712)                                | 0                                   | 0           |
| Total                                  | 97             | 503,407,725                | 1,348,596,503                             | 1,852,004,228 | \$1,432,904                            | 344,662,154                         | \$5,970,718 |

# Computation of Producer Price Differential - August 2000

|   | Utilization<br>Percentage | Product<br>Pounds    | Component<br>Pounds | Rate            | Value                   |
|---|---------------------------|----------------------|---------------------|-----------------|-------------------------|
| <b>Class I</b>  |                           |                      |                     |                 |                         |
| Differential Value  |                           |                      |                     |                 | \$5,970,717.65          |
| Product   | 18.6%                     | 344,662,154          |                     |                 |                         |
| Skim Milk   |                           |                      | 339,062,738         | \$ 7.7000       | 26,107,830.89           |
| Butterfat   |                           |                      | 5,599,416           | 1.2913          | 7,230,525.91            |
| <b>Class II</b>   |                           |                      |                     |                 |                         |
| Product   | 3.7%                      | 68,443,273           |                     |                 |                         |
| Nonfat Solids   |                           |                      | 5,418,263           | 0.9333          | 5,056,864.81            |
| Butterfat   |                           |                      | 7,636,056           | 1.2729          | 9,719,935.69            |
| <b>Class III</b>  |                           |                      |                     |                 |                         |
| Product   | 77.3%                     | 1,431,073,338        |                     |                 |                         |
| Protein   |                           |                      | 41,950,475          | 1.7952          | 75,309,492.73           |
| Other Solids  |                           |                      | 81,665,431          | 0.0577          | 4,712,095.38            |
| Butterfat   |                           |                      | 50,263,590          | 1.2659          | 63,628,678.59           |
| <b>Class IV</b>   |                           |                      |                     |                 |                         |
| Product   | 0.4%                      | 7,825,463            |                     |                 |                         |
| Nonfat Solids   |                           |                      | 430,011             | 0.8567          | 368,390.44              |
| Butterfat   |                           |                      | 3,005,787           | 1.2659          | 3,805,025.75            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                      |                     |                 | (257,327.01)            |
| <b>Total Producer Milk *</b>                                      |                           | <b>1,852,004,228</b> |                     |                 | <b>\$201,652,230.83</b> |
| Add:  |                           |                      |                     |                 |                         |
| Overage   |                           |                      |                     |                 | 124,474.58              |
| Inventory Reclassified  |                           |                      |                     |                 | (111,668.91)            |
| Other Source Milk \$.60(h)  |                           |                      |                     |                 | 0.00                    |
| Other Source Milk \$.60(i)  |                           |                      |                     |                 | 0.00                    |
| Subtract:   |                           |                      |                     |                 |                         |
| Transportation Credit   |                           |                      |                     |                 | 171,929.96              |
| Assembly Credit   |                           |                      |                     |                 | 268,424.58              |
| Credit for Reconstituted FMP                                      |                           |                      |                     |                 | 0.00                    |
| Producer Milk Protein   |                           |                      |                     |                 | 97,266,002.26           |
| Producer Milk Other Solids  |                           |                      |                     |                 | 6,088,434.66            |
| Producer Milk Butterfat   |                           |                      |                     |                 | 84,188,488.34           |
| Producer Milk SCC Adjustment                                      |                           |                      |                     |                 | (291,452.26)            |
| <b>Total Milk and Value</b>                                       |                           | <b>1,852,004,228</b> |                     |                 | <b>\$13,973,208.96</b>  |
| Add:  |                           |                      |                     |                 |                         |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                      |                     |                 | 1,432,904.14            |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                      |                     |                 | 932,020.37              |
| <b>Total Value</b>  |                           |                      |                     | <b>0.882187</b> | <b>\$16,338,133.47</b>  |
| Subtract:   |                           |                      |                     |                 |                         |
| Producer Settlement Fund Reserve                                  |                           |                      |                     | 0.042187        | 781,297.95              |
| <b>Producer Price Differential</b> (Dollars Per Cwt.--Base Zone)  |                           |                      |                     | <b>0.84</b>     | <b>\$15,556,835.52</b>  |

\* An estimated 59 million pounds of milk was not pooled.



## Utilization and Classification

|   | August 2000          |                   | July 2000            |
|---|----------------------|-------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |
| Packaged Disposition                      |                      |                   |                      |
| Milk                                      | 55,629,380           | 1,808,504         | 51,036,306           |
| Flavored Milk                             | 7,461,049            | 211,219           | 6,295,406            |
| Reduced Fat Milk                          | 135,749,677          | 2,670,460         | 125,396,749          |
| Lowfat Milk                               | 41,822,333           | 411,642           | 41,562,598           |
| Fat Free Milk                             | 84,869,620           | 91,426            | 80,616,278           |
| Flavored Reduced and Fat Free Milk        | 14,714,252           | 193,153           | 11,377,216           |
| Buttermilk                                | 2,523,813            | 26,134            | 2,468,185            |
| Total Packaged Disposition                | 342,770,124          | 5,412,538         | 318,752,738          |
| Total Ending Inventory                    | 27,735,835           | 439,898           | 23,069,428           |
| Bulk to Nonpool Plants                    | 7,066,580            | 113,866           | 2,899,886            |
| Shrinkage                                 | 4,569,017            | 230,300           | 3,468,362            |
| Total Class I Utilization                 | 382,141,556          | 6,196,602         | 348,190,414          |
| Other Order Plants                        | (15,110,288)         | (185,483)         | (3,399,650)          |
| Beginning Inventory                       | (23,101,524)         | (380,470)         | (30,361,945)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (221,819)            | (2,495)           | (232,400)            |
| Overage                                   | 0                    | 0                 | 0                    |
| Interhandler Adjustment                   | 954,229              | (28,738)          | (444,079)            |
| <b>Class I Producer Milk</b>              | <b>344,662,154</b>   | <b>5,599,416</b>  | <b>313,752,340</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |
| Total Class II Utilization                | 85,919,199           | 8,969,738         | 77,136,962           |
| Other Order Plants                        | (4,859,499)          | (91,733)          | (652,470)            |
| Beginning Inventory                       | (4,426,150)          | (112,926)         | (641,111)            |
| Reused Products                           | (6,415,567)          | (14,963)          | (5,772,059)          |
| Other Source Milk                         | (1,774,710)          | (1,114,060)       | (1,120,712)          |
| Overage                                   | --                   | --                | --                   |
| <b>Class II Producer Milk</b>             | <b>68,443,273</b>    | <b>7,636,056</b>  | <b>68,950,610</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |
| Total Class III Utilization               | 1,475,608,979        | 51,858,902        | 1,538,489,205        |
| Other Order Plants                        | (24,844,092)         | (1,044,043)       | (9,913,651)          |
| Beginning Inventory                       | (8,149,948)          | (207,183)         | (3,706,100)          |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (10,700,457)         | (307,091)         | (9,681,149)          |
| Overage                                   | (841,144)            | (36,995)          | (119,054)            |
| <b>Class III Producer Milk</b>            | <b>1,431,073,338</b> | <b>50,263,590</b> | <b>1,515,069,251</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |
| Total Class IV Utilization                | 32,960,860           | 4,678,195         | 34,013,270           |
| Other Order Plants                        | (7,458,608)          | (482,430)         | (2,390,550)          |
| Beginning Inventory                       | (10,051,130)         | (731,482)         | (7,006,632)          |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (7,578,376)          | (451,299)         | (5,182,779)          |
| Overage                                   | (47,283)             | (7,197)           | (23,800)             |
| <b>Class IV Producer Milk</b>             | <b>7,825,463</b>     | <b>3,005,787</b>  | <b>19,409,509</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>1,852,004,228</b> | <b>66,504,849</b> | <b>1,917,181,710</b> |

-- Restricted Information

## Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |         |         |        |        |          | Weighted Two-Week Average NASS Prices * |         |         |        |        |          |
|------------|--|---------|---------|--------|--------|----------|---|---------|---------|--------|--------|----------|
|            | Blocks                                 | Barrels | Average | Butter | NFDM   | Dry Whey | Blocks                                  | Barrels | Average | Butter | NFDM   | Dry Whey |
|            | <i>Dollars per Pound</i>               |         |         |        |        |          |   |         |         |        |        |          |
| Aug 1999   | 1.7213                                 | 1.6822  | 1.7154  | 1.3683 | 1.0089 | 0.1810   | 1.6900                                  | 1.6522  | 1.6849  | 1.4208 | 1.0087 | 0.1773   |
| Sep        | 1.8023                                 | 1.6286  | 1.7084  | 1.3252 | 1.0174 | 0.1892   | 1.8770                                  | 1.7310  | 1.8008  | 1.3324 | 1.0155 | 0.1872   |
| Oct        | 1.4388                                 | 1.3415  | 1.3934  | 1.1273 | 1.0183 | 0.1944   | 1.4851                                  | 1.3841  | 1.4359  | 1.1439 | 1.0188 | 0.1920   |
| Nov        | 1.2143                                 | 1.1713  | 1.2058  | 1.0637 | 1.0168 | 0.1917   | 1.2583                                  | 1.2188  | 1.2521  | 1.0695 | 1.0184 | 0.1901   |
| Dec        | 1.1319                                 | 1.1096  | 1.1371  | 0.9179 | 1.0111 | 0.1892   | 1.1191                                  | 1.1008  | 1.1268  | 0.9220 | 1.0125 | 0.1870   |
| Jan 2000   | 1.1417                                 | 1.1279  | 1.1517  | 0.8820 | 1.0115 | 0.1857   | 1.1652                                  | 1.1416  | 1.1696  | 0.8768 | 1.0114 | 0.1859   |
| Feb        | 1.1028                                 | 1.0793  | 1.1067  | 0.9002 | 1.0106 | 0.1788   | 1.1054                                  | 1.0804  | 1.1084  | 0.9105 | 1.0104 | 0.1800   |
| Mar        | 1.0993                                 | 1.0854  | 1.1093  | 0.9497 | 1.0094 | 0.1780   | 1.0953                                  | 1.0841  | 1.1073  | 0.9331 | 1.0098 | 0.1771   |
| Apr        | 1.0979                                 | 1.0733  | 1.1011  | 1.0449 | 1.0078 | 0.1765   | 1.0985                                  | 1.0770  | 1.1035  | 1.0618 | 1.0096 | 0.1774   |
| May        | 1.0892                                 | 1.0793  | 1.1022  | 1.1680 | 1.0071 | 0.1760   | 1.0911                                  | 1.0768  | 1.1011  | 1.1140 | 1.0100 | 0.1755   |
| Jun        | 1.0996                                 | 1.0929  | 1.1137  | 1.2725 | 1.0097 | 0.1794   | 1.0914                                  | 1.0851  | 1.1060  | 1.2911 | 1.0106 | 0.1794   |
| Jul        | 1.1992                                 | 1.2041  | 1.2189  | 1.1547 | 1.0102 | 0.1909   | 1.2013                                  | 1.2175  | 1.2269  | 1.1729 | 1.0093 | 0.1893   |
| Aug        | 1.1979                                 | 1.1104  | 1.1660  | 1.1520 | 1.0108 | 0.1929   | 1.2029                                  | 1.1406  | 1.1847  | 1.1465 | 1.0091 | 0.1940   |

| Month/Year | Chicago Mercantile Exchange |              |               |         |         |         |          |  |
|------------|-----------------------------|--------------|---------------|---------|---------|---------|----------|--|
|            | Butter Prices               |              | Cheese Prices |         | NFDM    |         | Dry Whey |  |
|            | Grade AA **                 | 40 lb. Block | Barrel        | Central | Western | Central | Western  |  |
|            | <i>Dollars per Pound</i>    |              |               |         |         |         |          |  |
| Aug 1999   | 1.3963                      | 1.8943       | 1.7865        | 1.0384  | 1.0124  | 0.1972  | 0.1835   |  |
| Sep        | 1.3393                      | 1.6183       | 1.4996        | 1.0486  | 1.0183  | 0.2079  | 0.1902   |  |
| Oct        | 1.1248                      | 1.3031       | 1.2656        | 1.0451  | 1.0175  | 0.1938  | 0.1994   |  |
| Nov        | 1.0725                      | 1.1435       | 1.1251        | 1.0343  | 1.0109  | 0.1834  | 0.2041   |  |
| Dec        | 0.9163                      | 1.1545       | 1.1475        | 1.0168  | 1.0039  | 0.1865  | 0.2004   |  |
| Jan 2000   | 0.9090                      | 1.1285       | 1.1101        | 1.0090  | 1.0038  | 0.1811  | 0.1911   |  |
| Feb        | 0.9245                      | 1.1090       | 1.0910        | 1.0025  | 1.0024  | 0.1751  | 0.1799   |  |
| Mar        | 1.0200                      | 1.1139       | 1.0936        | 1.0009  | 1.0000  | 0.1772  | 0.1780   |  |
| Apr        | 1.0691                      | 1.1032       | 1.0822        | 1.0000  | 1.0006  | 0.1725  | 0.1763   |  |
| May        | 1.2450                      | 1.0950       | 1.0860        | 1.0008  | 1.0022  | 0.1755  | 0.1758   |  |
| Jun        | 1.2440                      | 1.2050       | 1.1901        | 1.0122  | 1.0048  | 0.1868  | 0.1784   |  |
| Jul        | 1.1790                      | 1.2345       | 1.1916        | 1.0225  | 1.0060  | 0.1970  | 0.1855   |  |
| Aug        | 1.1933                      | 1.2460       | 1.1049        | 1.0227  | 1.0104  | 0.1804  | 0.1873   |  |

## Market Statistics

| Month/Year | Distributing<br>Plants | Supply<br>Plants | Coop .9(c)<br>Handlers | Producers | Total<br>Producer<br>Milk | Estimated<br>Average Daily<br>Delivery | Butterfat<br>Test | Protein<br>Test | Other<br>Solids<br>Test | Weighted<br>Average<br>SCC |
|------------|------------------------|------------------|------------------------|-----------|---------------------------|--|-------------------|-----------------|-------------------------|----------------------------|
|            |                        |                  |                        |           | Mil. lbs.                 | Pounds                                 | Percent           | Percent         | Percent                 | (000)                      |
|            |                        |                  |                        |           |                           |  |                   |                 |                         |                            |
| Jan 2000   | 29                     | 84               | 12                     | 22,923    | 2,433                     | 3,486                                  | 3.81              | 3.05            | 5.66                    | 308                        |
| Feb        | 28                     | 79               | 11                     | 22,874    | 2,269                     | 3,491                                  | 3.78              | 3.02            | 5.68                    | 316                        |
| Mar        | 28                     | 76               | 11                     | 21,808    | 2,261                     | 3,389                                  | 3.76              | 3.00            | 5.72                    | 329                        |
| Apr        | 29                     | 75               | 11                     | 20,499    | 2,069                     | 3,415                                  | 3.76              | 3.00            | 5.72                    | 321                        |
| May        | 29                     | 73               | 11                     | 20,091    | 2,085                     | 3,402                                  | 3.67              | 2.96            | 5.74                    | 327                        |
| Jun        | 29                     | 72               | 10                     | 18,854    | 1,933                     | 3,370                                  | 3.64              | 2.95            | 5.74                    | 349                        |
| Jul        | 26                     | 69               | 10                     | 18,195    | 1,917                     | 3,364                                  | 3.59              | 2.91            | 5.72                    | 371                        |
| Aug        | 27                     | 70               | 10                     | 18,083    | 1,852                     | 3,382                                  | 3.59              | 2.93            | 5.70                    | 377                        |
| Sep        |                        |                  |                        |           |                           |  |                   |                 |                         |                            |
| Oct        |                        |                  |                        |           |                           |  |                   |                 |                         |                            |
| Nov        |                        |                  |                        |           |                           |  |                   |                 |                         |                            |
| Dec        |                        |                  |                        |           |                           |  |                   |                 |                         |                            |
| Jan 2001   |                        |                  |                        |           |                           |  |                   |                 |                         |                            |

\* NASS = National Agricultural Statistics Service, USDA. \*\* Prices prior to January 2000 are FMMA reported prices.

# Class Prices \*

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |               |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Aug 1999   | 1.5323              | 7.79        | 12.88       | 1.5503                           | 9.59        | 14.68       | 1.5366         | 0.9300        | 8.37        | 13.46       |
| Sep        | 1.5937              | 10.03       | 15.26       | 1.6117                           | 11.83       | 17.06       | 1.4841         | 0.9322        | 8.39        | 13.29       |
| Oct        | 1.4859              | 11.75       | 16.54       | 1.5039                           | 13.55       | 18.34       | 1.2427         | 0.9389        | 8.45        | 12.50       |
| Nov        | 1.2560              | 8.81        | 12.90       | 1.2740                           | 10.61       | 14.70       | 1.1652         | 0.9422        | 8.48        | 12.26       |
| Dec        | 1.1652              | 7.78        | 11.59       | 1.1832                           | 9.58        | 13.39       | 0.9874         | 0.9422        | 8.48        | 11.64       |
| Jan 2000   | 0.9854              | 7.72        | 10.90       | 1.0034                           | 9.52        | 12.70       | 0.9436         | 0.9356        | 8.42        | 11.43       |
| Feb        | 0.9302              | 7.72        | 10.71       | 0.9482                           | 9.52        | 12.51       | 0.9658         | 0.9356        | 8.42        | 11.51       |
| Mar        | 0.9713              | 7.71        | 10.84       | 0.9893                           | 9.51        | 12.64       | 1.0261         | 0.9344        | 8.41        | 11.71       |
| Apr        | 0.9989              | 7.70        | 10.93       | 1.0169                           | 9.50        | 12.73       | 1.1422         | 0.9333        | 8.40        | 12.10       |
| May        | 1.1559              | 7.70        | 11.48       | 1.1739                           | 9.50        | 13.28       | 1.2924         | 0.9333        | 8.40        | 12.63       |
| Jun        | 1.2195              | 7.70        | 11.70       | 1.2375                           | 9.50        | 13.50       | 1.4198         | 0.9333        | 8.40        | 13.08       |
| Jul        | 1.4355              | 7.71        | 12.46       | 1.4535                           | 9.51        | 14.26       | 1.2761         | 0.9344        | 8.41        | 12.58       |
| Aug        | 1.2913              | 7.70        | 11.95       | 1.3093                           | 9.50        | 13.75       | 1.2729         | 0.9333        | 8.40        | 12.56       |
| Sep        | 1.2591              | 7.70        | 11.84       | 1.2771                           | 9.50        | 13.64       |                | 0.9333        | 8.40        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Aug 1999   | 1.5296          | 3.3421     | 0.0455       | 10.63       | 15.61       | 1.5296         | 0.8548        | 7.69        | 12.77       |
| Sep        | 1.4771          | 3.3853     | 0.0539       | 10.81       | 15.60       | 1.4771         | 0.8631        | 7.77        | 12.67       |
| Oct        | 1.2357          | 2.6138     | 0.0593       | 8.45        | 12.48       | 1.2357         | 0.8640        | 7.78        | 11.83       |
| Nov        | 1.1582          | 2.0696     | 0.0565       | 6.75        | 10.57       | 1.1582         | 0.8625        | 7.76        | 11.54       |
| Dec        | 0.9804          | 2.0615     | 0.0539       | 6.71        | 9.91        | 0.9804         | 0.8570        | 7.71        | 10.87       |
| Jan 2000   | 0.9366          | 2.1677     | 0.0503       | 7.02        | 10.05       | 0.9366         | 0.8574        | 7.72        | 10.73       |
| Feb        | 0.9588          | 1.9849     | 0.0432       | 6.41        | 9.54        | 0.9588         | 0.8565        | 7.71        | 10.80       |
| Mar        | 1.0191          | 1.9166     | 0.0424       | 6.19        | 9.54        | 1.0191         | 0.8553        | 7.70        | 11.00       |
| Apr        | 1.1352          | 1.7399     | 0.0408       | 5.63        | 9.41        | 1.1352         | 0.8537        | 7.68        | 11.38       |
| May        | 1.2854          | 1.5514     | 0.0403       | 5.05        | 9.37        | 1.2854         | 0.8530        | 7.68        | 11.91       |
| Jun        | 1.4128          | 1.4278     | 0.0438       | 4.68        | 9.46        | 1.4128         | 0.8556        | 7.70        | 12.38       |
| Jul        | 1.2691          | 1.9726     | 0.0557       | 6.44        | 10.66       | 1.2691         | 0.8561        | 7.70        | 11.87       |
| Aug        | 1.2659          | 1.7952     | 0.0577       | 5.91        | 10.13       | 1.2659         | 0.8567        | 7.71        | 11.87       |

# Producer Prices

| Month/Year | Producer Price Differential | Statistical Uniform Price (at 3.50%) | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|-----------------------------|--------------------------------------|-----------------|---------------|--------------------|---------------------|----------------------------------|
|            | <i>cwt.</i>                 | <i>cwt.</i>                          | <i>lb.</i>      | <i>lb.</i>    | <i>lb.</i>         | <i>cwt.</i>         | <i>cwt.</i>                      |
| Jan 2000   | \$0.43                      | \$10.48                              | \$0.9366        | \$2.1677      | \$0.0503           | \$0.00058           | \$11.41                          |
| Feb        | 0.56                        | 10.10                                | 0.9588          | 1.9849        | 0.0432             | 0.00055             | 11.04                            |
| Mar        | 0.64                        | 10.18                                | 1.0191          | 1.9166        | 0.0424             | 0.00055             | 11.04                            |
| Apr        | 0.74                        | 10.15                                | 1.1352          | 1.7399        | 0.0408             | 0.00055             | 11.12                            |
| May        | 0.90                        | 10.27                                | 1.2854          | 1.5514        | 0.0403             | 0.00055             |                                  |
| Jun        | 0.97                        | 10.43                                | 1.4128          | 1.4278        | 0.0438             | 0.00056             |                                  |
| Jul        | 0.70                        | 11.36                                | 1.2691          | 1.9726        | 0.0557             | 0.00061             |                                  |
| Aug        | 0.84                        | 10.97                                | 1.2659          | 1.7952        | 0.0577             | 0.00058             |                                  |
| Sep        |                             |                                      |                 |               |                    |                     |                                  |
| Oct        |                             |                                      |                 |               |                    |                     |                                  |
| Nov        |                             |                                      |                 |               |                    |                     |                                  |
| Dec        |                             |                                      |                 |               |                    |                     |                                  |
| Jan 2001   |                             |                                      |                 |               |                    |                     |                                  |

\* Prices prior to January 2000 are estimated.

# Summary of Federal Order Data - August 2000

| Federal Order Number / Name | Producer Deliveries | Class I Producer Receipts | Class I Utilization | Class I Price | Producer Price Differential | Statistical Uniform Price at 3.50% |
|-----------------------------|---------------------|---------------------------|---------------------|---------------|-----------------------------|------------------------------------|
|                             | Thousand Pounds     |                           | Percent             |               | Dollars per Cwt.            |                                    |
| 1 Northeast                 | 1,918,228           | 867,870                   | 45.2                | 15.20         | 3.26                        | 13.39                              |
| 5 Appalachian               | 500,317             | 377,054                   | 75.4                | 15.05         | n/a                         | 14.40                              |
| 6 Florida                   | 220,189             | 202,357                   | 91.9                | 15.95         | n/a                         | 15.68                              |
| 7 Southeast                 | 567,063             | 415,782                   | 73.3                | 15.05         | n/a                         | 14.15                              |
| 30 Upper Midwest            | 1,852,004           | 344,662                   | 18.6                | 13.75         | 0.84                        | 10.97                              |
| 32 Central                  | 1,418,649           | 416,661                   | 29.4                | 13.95         | 1.48                        | 11.61                              |
| 33 Mideast                  | 1,184,684           | 578,775                   | 48.9                | 13.95         | 2.36                        | 12.49                              |
| 124 Pacific Northwest       | 615,317             | 175,285                   | 28.5                | 13.85         | 1.81                        | 11.94                              |
| 126 Southwest               | 722,618             | 349,895                   | 48.4                | 14.95         | 3.03                        | 13.16                              |
| 131 Arizona-Las Vegas       | 238,889             | 84,558                    | 35.4                | 14.30         | n/a                         | 12.20                              |
| 135 Western                 | 308,452             | 85,445                    | 27.7                | 13.85         | 1.40                        | 11.53                              |
| All Market Average or Total | 9,546,410           | 3,898,344                 | 40.8                |               |                             |                                    |

n/a = Not applicable.

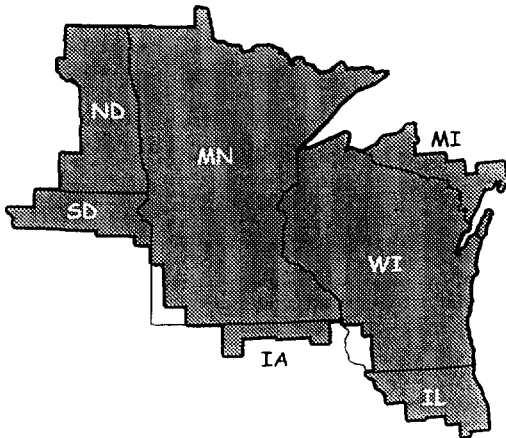
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*Upper Midwest Marketing Area  
 F.O. 30*



# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

Volume 1, Issue 7

Upper Midwest Marketing Area, Federal Order No. 30

August 2000

### Special points of interest:

- July Producer Price Differential -- \$0.70 / cwt.
- July Statistical Uniform Price -- \$11.36 / cwt.



### Inside this issue:

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## Producer Price Differential at 70¢

The producer price differential for the Upper Midwest Order for July 2000 is 70¢ per cwt., down 27¢ from June. The resulting statistical uniform price of \$11.36 per cwt., however, is up 93¢ from June.

Producer milk in July 2000 totaled 1.917 billion pounds,

down 4% on a daily basis from June. During the month, 18,195 producers delivered to the market with an average daily delivery of 3,364 pounds.

Class I use in July totaled 314 million pounds, down 7% on a daily basis from June. The decrease resulted primarily

from a decline in disposition of fluid milk products on routes. During the month, Class I usage accounted for 16.4% of producer milk.

Market statistics for July are shown on Pages 4 and 5.

## Milk Production Continues to Increase

June Milk Production Up 2.6%

Estimated United States milk production during June 2000 totaled 14 billion pounds, up 2.6% from a year earlier. U.S. production per cow is estimated at 1,517 pounds for June, 30 pounds, or 2.0%, above a year earlier.

The estimated number of cows on U.S. farms in June was 9.2 million head, 58,000 head more than June 1999 and 11,000 head more than May 2000.

For the top five milk producing states, production in June 2000, compared to June 1999, was up 6.6% in California and 0.4% in Pennsylvania, but down 0.5% in Minnesota, 1.5% in Wisconsin and 1.8% in New York.

January-June Milk Production Up 3.3%

U.S. milk production for the first six months of 2000, estimated at 86 billion pounds, was up 3% from the same period in 1999, when adjusted for leap year. The increase resulted from a 1% rise in the average number of milk cows and a 3% average increase in production per cow.

Milk production for January-June 2000 is up nearly 1% in Minnesota, but down fractionally in Wisconsin.

### Milk Production--Top 5 States & U.S. January - June

|               | 1999<br><u>Production</u><br>Mil. Lbs. | 2000<br><u>Production</u><br>Mil. Lbs. | <u>Change *</u><br>Percent |
|---------------|--|--|----------------------------|
| California    | 15,039                                 | 16,201                                 | +7.1                       |
| Wisconsin     | 11,705                                 | 11,767                                 | -0.0                       |
| New York      | 6,088                                  | 6,096                                  | -0.4                       |
| Pennsylvania  | 5,572                                  | 5,742                                  | +2.5                       |
| Minnesota     | 4,886                                  | 4,947                                  | +0.7                       |
| United States | 82,534                                 | 85,730                                 | +3.3                       |

\* Adjusted for leap year.

## Distributing Plant Units

Distributing plants (bottling plants) are defined in §1030.5, with performance requirements defined in §1030.7(a) and (b). These performance requirements can be met as a "unit", as defined in §1030.7(e).

At least one of the plants in the unit must qualify as a distributing plant, with the

other plants using at least 50% of their milk processing Class I or Class II products.

This unit pooling provision allows shipments to the any of the plants in the unit to count as qualifying shipments for supply plants and supply plant systems.

All plants in a distributing plant unit must be operated by the same handler.

The following distributing plants have requested unit pooling status. These units will continue from month-to-month until further notice.

### Unit A

- ◆ Dean Foods Company – Chemung, IL
- ◆ Dean Foods Company – Huntley, IL
- ◆ Dean Foods Company – Rockford, IL

### Unit B

- ◆ Marigold Foods, Inc. – Cedarburg, WI
- ◆ Marigold Foods, Inc. – Minneapolis, MN
- ◆ Marigold Foods, Inc. – Rochester, MN

## Supply Plant Systems

Supply plants are defined in §1030.6, with performance requirements defined in §1030.7(c). In general, supply plants are required to ship 10% of their receipts to bottling plants.

These performance requirements can be met as a "system", as defined in §1030.7(f).

This provision allows two or more supply plants operated by one or more handlers to qualify for pooling by meeting the shipping requirements in the same manner as a single plant. In other words, an individual plant in a system does not need to qualify on its own, as long as the system as a whole qualifies.

Supply plants in a system generally must be located in the marketing area.

The following supply plants requested system pooling for the period of August 2000 through July 2001.

### System A

- ◆ Associated Milk Producers, Inc. – Turtle Lake, WI
- ◆ Associated Milk Producers, Inc. – Jim Falls, WI
- ◆ Associated Milk Producers, Inc. – Paynesville, MN
- ◆ Associated Milk Producers, Inc. – Blair, WI
- ◆ Associated Milk Producers, Inc. – Pelican Rapids, MN
- ◆ Associated Milk Producers, Inc. – Glencoe, MN

### System B

- ◆ The First District Association – Litchfield, MN
- ◆ Bongards' Creameries – Bongards, MN

### System C

- ◆ Cass-Clay Creamery, Inc. – Jamestown, ND
- ◆ Cass-Clay Creamery, Inc. – New Salem, ND

### System D

- ◆ Dairy Farmers of America, Inc. – Fond du Lac, WI
- ◆ Dairy Farmers of America, Inc. – Zumbrota, MN
- ◆ Dairy Farmers of America, Inc. – Germantown, WI

### System E

- ◆ Dean Milk Procurement Company – Janesville, WI
- ◆ Dean Milk Procurement Company – Shullsburg, WI
- ◆ Sorrento Lactalis, Inc. – Arpin, WI
- ◆ White Clover Dairy, Inc. – Hollandtown, WI
- ◆ Wisconsin Dairy State Cheese Company, Inc. – Rudolph, WI
- ◆ Lynn Dairy, Inc. – Granton, WI
- ◆ Nasonville Dairy, Inc. – Marshfield, WI
- ◆ The Antigo Cheese Company – Antigo, WI



**System E (continued)**

- ◆ BelGioioso Cheese, Inc. – Pulaski, WI
- ◆ LaGrandier's Hillside Dairy, Inc. – Stanley, WI
- ◆ ConAgra Grocery Products – Menomonie, WI
- ◆ Edelweiss Cheese Co., Inc. – Marshfield, WI
- ◆ Mullins Cheese, Inc. – Mosinee, WI
- ◆ Schneider Cheese, Inc. – Waldo, WI
- ◆ Zimmerman Cheese, Inc. – Wiotia, WI
- ◆ Gad Cheese, Inc. – Medford, WI
- ◆ North Hendren Co-op Dairy Co. – Willard, WI
- ◆ Cedar Grove Cheese, Inc. – Plain, WI
- ◆ Alto Dairy Cooperative – Waupun, WI
- ◆ Alto Dairy Cooperative – Black Creek, WI

**System F**

- ◆ Foremost Farms USA, Cooperative – Elkhorn, WI
- ◆ Foremost Farms USA, Cooperative – Sauk City, WI
- ◆ Grande Milk Marketing, LLC – Darlington, WI
- ◆ Weyauwega Milk Products, Inc. – Little Chute, WI
- ◆ Weyauwega Milk Products, Inc. – Luxemburg, WI
- ◆ Family Dairies USA – Kewaskum, WI
- ◆ Coulee Region Organic Produce Pool – Chaseburg, WI
- ◆ NFO, Inc. – Sauk City, WI
- ◆ NFO, Inc. – Fond du Lac, WI
- ◆ NFO, Inc. – South Wayne, WI
- ◆ Foremost Farms USA, Cooperative – Alma Center, WI
- ◆ Foremost Farms USA, Cooperative – Wilson, WI
- ◆ Foremost Farms USA, Cooperative – Milan, WI
- ◆ NFO, Inc. – Taylor, WI
- ◆ Sartori Food Corporation, Plymouth, WI

**System F (continued)**

- ◆ Morningstar Foods, Inc. – Madison, WI
- ◆ Badger Dairies, Inc. – Turtle Lake, WI
- ◆ Cedar Valley Cheese Company – Belgium, WI
- ◆ Chula Vista Cheese Co. – Browntown, WI
- ◆ Eau Galle Cheese Factory, Inc. – Durand, WI
- ◆ F & A Dairy Products, Inc. – Dresser, WI
- ◆ Grand Meadow Cooperative Dairy Company – Stratford, WI
- ◆ Foremost Farms USA, Cooperative – Sparta, WI

**System G**

- ◆ Land O'Lakes, Inc. – Denmark, WI
- ◆ Land O'Lakes, Inc. – Pine Island, MN
- ◆ Land O'Lakes, Inc. – Greenwood, WI
- ◆ Kraft Foods Inc. – Melrose, MN
- ◆ Land O'Lakes, Inc. – Perham, MN

**System H**

- ◆ Mid-West Dairymen's Company – Rockford, IL
- ◆ Kolb-Lena Bresse Bleu, Inc. – Lena, IL
- ◆ Stockton Cheese, Inc. – Stockton, IL
- ◆ Westby Cooperative Creamery – Westby, WI

**System I**

- ◆ Swiss Valley Farms Company – Platteville, WI
- ◆ Swiss Valley Farms Company – Soldiers Grove, WI
- ◆ Klondike Cheese Company – Monroe, WI
- ◆ Kraft Foods Inc. – Beaver Dam, WI

## Upper Midwest Pool Statistics - July 2000

| Market Class I<br>Differential<br>Rate | Pool<br>Plants | Received at<br>Pool Plants | Diverted to<br>Pool and<br>Nonpool Plants | Total         | Location<br>Adjustment to<br>Producers | Class I Differential<br>to Handlers |             |
|--|----------------|----------------------------|---|---------------|--|-------------------------------------|-------------|
| Cwt.                                   | Number         | Pounds                     | Pounds                                    | Pounds        | Value                                  | Pounds                              | Value       |
| \$1.80                                 | 4              | 50,197,012                 | 13,770,315                                | 63,967,327    | \$ 0                                   | 54,536,561                          | \$ 981,658  |
| \$1.75                                 | 40             | 228,299,663                | 614,414,824                               | 842,714,487   | 421,357                                | 130,782,399                         | 2,288,692   |
| \$1.70                                 | 43             | 178,065,762                | 751,246,275                               | 929,312,037   | 929,312                                | 109,221,941                         | 1,856,773   |
| \$1.65                                 | 8              | 27,839,630                 | 49,614,887                                | 77,454,517    | 116,182                                | 19,211,439                          | 316,989     |
| All Other Zones                        | 0              | 0                          | 3,733,342                                 | 3,733,342     | 693                                    | 0                                   | 0           |
| Total                                  | 95             | 484,402,067                | 1,432,779,643                             | 1,917,181,710 | \$1,467,544                            | 313,752,340                         | \$5,444,112 |

# Computation of Producer Price Differential - July 2000

|   | Utilization<br>Percentage | Product<br>Pounds    | Component<br>Pounds | Rate            | Value                   |
|---|---------------------------|----------------------|---------------------|-----------------|-------------------------|
| <b>Class I</b>  |                           |                      |                     |                 | \$ 5,444,111.87         |
| Differential Value  |                           |                      |                     |                 |                         |
| Product   | 16.4%                     | 313,752,340          |                     |                 |                         |
| Skim Milk   |                           |                      | 308,709,530         | \$ 7.7100       | 23,801,504.78           |
| Butterfat   |                           |                      | 5,042,810           | 1.4355          | 7,238,953.78            |
| <b>Class II</b>   |                           |                      |                     |                 |                         |
| Product   | 3.6%                      | 68,950,610           |                     |                 |                         |
| Nonfat Solids   |                           |                      | 5,563,318           | 0.9344          | 5,198,364.34            |
| Butterfat   |                           |                      | 6,540,367           | 1.2761          | 8,346,162.34            |
| <b>Class III</b>  |                           |                      |                     |                 |                         |
| Product   | 79.0%                     | 1,515,069,251        |                     |                 |                         |
| Protein   |                           |                      | 44,202,621          | 1.9726          | 87,194,090.15           |
| Other Solids  |                           |                      | 86,808,536          | 0.0557          | 4,835,235.52            |
| Butterfat   |                           |                      | 53,161,297          | 1.2691          | 67,467,002.01           |
| <b>Class IV</b>   |                           |                      |                     |                 |                         |
| Product   | 1.0%                      | 19,409,509           |                     |                 |                         |
| Nonfat Solids   |                           |                      | 1,374,320           | 0.8561          | 1,176,555.38            |
| Butterfat   |                           |                      | 4,000,873           | 1.2691          | 5,077,507.92            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                      |                     |                 | (220,520.51)            |
| <b>Total Producer Milk *</b>                                      |                           | <b>1,917,181,710</b> |                     |                 | <b>\$215,558,967.58</b> |
| Add:  |                           |                      |                     |                 |                         |
| Overage   |                           |                      |                     |                 | 53,397.39               |
| Inventory Reclassified  |                           |                      |                     |                 | (73,309.75)             |
| Other Source Milk §.60(h)   |                           |                      |                     |                 | 0.00                    |
| Other Source Milk §.60(i)   |                           |                      |                     |                 | 0.00                    |
| Subtract:   |                           |                      |                     |                 |                         |
| Transportation Credit   |                           |                      |                     |                 | 136,914.92              |
| Assembly Credit   |                           |                      |                     |                 | 247,645.60              |
| Credit for Reconstituted FMP                                      |                           |                      |                     |                 | 0.00                    |
| Producer Milk Protein   |                           |                      |                     |                 | 110,143,478.40          |
| Producer Milk Other Solids  |                           |                      |                     |                 | 6,109,807.12            |
| Producer Milk Butterfat   |                           |                      |                     |                 | 87,244,719.84           |
| Producer Milk SCC Adjustment                                      |                           |                      |                     |                 | (244,726.85)            |
| <b>Total Milk and Value</b>                                       |                           | <b>1,917,181,710</b> |                     |                 | <b>\$11,901,216.19</b>  |
| Add:  |                           |                      |                     |                 |                         |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                      |                     |                 | 1,467,544.49            |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                      |                     |                 | 978,318.72              |
| <b>Total Value</b>  |                           |                      |                     | <b>0.748342</b> | <b>\$14,347,079.40</b>  |
| Subtract:   |                           |                      |                     |                 |                         |
| Producer Settlement Fund Reserve                                  |                           |                      |                     | 0.048342        | 926,807.43              |
| <b>Producer Price Differential</b> (Dollars Per Cwt.--Base Zone)  |                           |                      |                     | <b>\$0.70</b>   | <b>\$13,420,271.97</b>  |

\* An estimated 59 million pounds of milk was not pooled.



# Utilization and Classification

|   | July 2000            |                   | June 2000            |
|---|----------------------|-------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |
| Packaged Disposition                      |                      |                   |                      |
| Milk                                      | 51,036,306           | 1,658,474         | 51,427,103           |
| Flavored Milk                             | 6,295,406            | 180,022           | 6,165,755            |
| Reduced Fat Milk                          | 125,396,749          | 2,457,650         | 125,360,610          |
| Lowfat Milk                               | 41,562,598           | 413,050           | 42,156,110           |
| Fat Free Milk                             | 80,616,278           | 146,789           | 81,069,473           |
| Flavored Reduced and Fat Free Milk        | 11,377,216           | 135,277           | 11,772,035           |
| Buttermilk                                | 2,468,185            | 25,436            | 2,581,277            |
| Total Packaged Disposition                | 318,752,738          | 5,016,698         | 320,532,363          |
| Total Ending Inventory                    | 23,069,428           | 380,470           | 30,356,196           |
| Bulk to Nonpool Plants                    | 2,899,886            | 42,673            | 4,644,934            |
| Shrinkage                                 | 3,468,362            | 174,054           | 1,875,132            |
| Total Class I Utilization                 | 348,190,414          | 5,613,895         | 357,408,625          |
| Other Order Plants                        | (3,399,650)          | (69,283)          | (3,565,930)          |
| Beginning Inventory                       | (30,361,945)         | (490,629)         | (26,145,365)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (232,400)            | (2,525)           | (324,985)            |
| Overage                                   | 0                    | 0                 | --                   |
| Interhandler Adjustment                   | (444,079)            | (8,648)           | (250,164)            |
| <b>Class I Producer Milk</b>              | <b>313,752,340</b>   | <b>5,042,810</b>  | <b>327,122,181</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |
| Total Class II Utilization                | 77,136,962           | 7,570,507         | 98,284,400           |
| Other Order Plants                        | (652,470)            | (35,878)          | (2,723,877)          |
| Beginning Inventory                       | (641,111)            | (116,357)         | (4,944,504)          |
| Reused Products                           | (5,772,059)          | (12,775)          | (8,983,763)          |
| Other Source Milk                         | (1,120,712)          | (865,130)         | (2,368,473)          |
| Overage                                   | --                   | --                | (189,005)            |
| <b>Class II Producer Milk</b>             | <b>68,950,610</b>    | <b>6,540,367</b>  | <b>79,074,778</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |
| Total Class III Utilization               | 1,538,489,205        | 53,975,601        | 1,548,185,091        |
| Other Order Plants                        | (9,913,651)          | (377,146)         | (8,131,502)          |
| Beginning Inventory                       | (3,706,100)          | (110,089)         | (8,304,628)          |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (9,681,149)          | (320,409)         | (14,126,426)         |
| Overage                                   | (119,054)            | (6,660)           | (104,403)            |
| <b>Class III Producer Milk</b>            | <b>1,515,069,251</b> | <b>53,161,297</b> | <b>1,517,518,132</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |
| Total Class IV Utilization                | 34,013,270           | 4,940,299         | 25,710,083           |
| Other Order Plants                        | (2,390,550)          | (112,298)         | (1,420,974)          |
| Beginning Inventory                       | (7,006,632)          | (441,625)         | (9,139,901)          |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (5,182,779)          | (368,071)         | (5,622,513)          |
| Overage                                   | (23,800)             | (17,432)          | (129,260)            |
| <b>Class IV Producer Milk</b>             | <b>19,409,509</b>    | <b>4,000,873</b>  | <b>9,397,435</b>     |
| <b>Total Producer Milk -- All Classes</b> | <b>1,917,181,710</b> | <b>68,745,347</b> | <b>1,933,112,526</b> |

-- Restricted Information

## Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |         |         |        |        |          | Weighted Two-Week Average NASS Prices * |         |         |        |        |          |
|------------|--|---------|---------|--------|--------|----------|---|---------|---------|--------|--------|----------|
|            | Blocks                                 | Barrels | Average | Butter | NFDM   | Dry Whey | Blocks                                  | Barrels | Average | Butter | NFDM   | Dry Whey |
|            | <i>Dollars per Pound</i>               |         |         |        |        |          | <i>Dollars per Pound</i>                |         |         |        |        |          |
| Jul 1999   | 1.4702                                 | 1.4232  | 1.4583  | 1.3793 | 1.0054 | 0.1724   | 1.4673                                  | 1.4199  | 1.4548  | 1.3705 | 1.0058 | 0.1724   |
| Aug        | 1.7213                                 | 1.6822  | 1.7154  | 1.3683 | 1.0089 | 0.1810   | 1.6900                                  | 1.6522  | 1.6849  | 1.4208 | 1.0087 | 0.1773   |
| Sep        | 1.8023                                 | 1.6286  | 1.7084  | 1.3252 | 1.0174 | 0.1892   | 1.8770                                  | 1.7310  | 1.8008  | 1.3324 | 1.0155 | 0.1872   |
| Oct        | 1.4388                                 | 1.3415  | 1.3934  | 1.1273 | 1.0183 | 0.1944   | 1.4851                                  | 1.3841  | 1.4359  | 1.1439 | 1.0188 | 0.1920   |
| Nov        | 1.2143                                 | 1.1713  | 1.2058  | 1.0637 | 1.0168 | 0.1917   | 1.2583                                  | 1.2188  | 1.2521  | 1.0695 | 1.0184 | 0.1901   |
| Dec        | 1.1319                                 | 1.1096  | 1.1371  | 0.9179 | 1.0111 | 0.1892   | 1.1191                                  | 1.1008  | 1.1268  | 0.9220 | 1.0125 | 0.1870   |
| Jan 2000   | 1.1417                                 | 1.1279  | 1.1517  | 0.8820 | 1.0115 | 0.1857   | 1.1652                                  | 1.1416  | 1.1696  | 0.8768 | 1.0114 | 0.1859   |
| Feb        | 1.1028                                 | 1.0793  | 1.1067  | 0.9002 | 1.0106 | 0.1788   | 1.1054                                  | 1.0804  | 1.1084  | 0.9105 | 1.0104 | 0.1800   |
| Mar        | 1.0993                                 | 1.0854  | 1.1093  | 0.9497 | 1.0094 | 0.1780   | 1.0953                                  | 1.0841  | 1.1073  | 0.9331 | 1.0098 | 0.1771   |
| Apr        | 1.0979                                 | 1.0733  | 1.1011  | 1.0449 | 1.0078 | 0.1765   | 1.0985                                  | 1.0770  | 1.1035  | 1.0618 | 1.0096 | 0.1774   |
| May        | 1.0892                                 | 1.0793  | 1.1022  | 1.1680 | 1.0071 | 0.1760   | 1.0911                                  | 1.0768  | 1.1011  | 1.1140 | 1.0100 | 0.1755   |
| Jun        | 1.0996                                 | 1.0929  | 1.1137  | 1.2725 | 1.0097 | 0.1794   | 1.0914                                  | 1.0851  | 1.1060  | 1.2911 | 1.0106 | 0.1794   |
| Jul        | 1.1992                                 | 1.2041  | 1.2189  | 1.1547 | 1.0102 | 0.1909   | 1.2013                                  | 1.2175  | 1.2269  | 1.1729 | 1.0093 | 0.1893   |

| Month/Year | Butter Prices            |              | Cheese Prices |         | NFDM    |         | Dry Whey |  |
|------------|--------------------------|--------------|---------------|---------|---------|---------|----------|--|
|            | Grade AA **              | 40 lb. Block | Barrel        | Central | Western | Central | Western  |  |
|            | <i>Dollars per Pound</i> |              |               |         |         |         |          |  |
| Jul 1999   | 1.3444                   | 1.6307       | 1.5618        | 1.0172  | 1.0012  | 0.1809  | 0.1780   |  |
| Aug        | 1.3963                   | 1.8943       | 1.7865        | 1.0384  | 1.0124  | 0.1972  | 0.1835   |  |
| Sep        | 1.3393                   | 1.6183       | 1.4996        | 1.0486  | 1.0183  | 0.2079  | 0.1902   |  |
| Oct        | 1.1248                   | 1.3031       | 1.2656        | 1.0451  | 1.0175  | 0.1938  | 0.1994   |  |
| Nov        | 1.0725                   | 1.1435       | 1.1251        | 1.0343  | 1.0109  | 0.1834  | 0.2041   |  |
| Dec        | 0.9163                   | 1.1545       | 1.1475        | 1.0168  | 1.0039  | 0.1865  | 0.2004   |  |
| Jan 2000   | 0.9090                   | 1.1285       | 1.1101        | 1.0090  | 1.0038  | 0.1811  | 0.1911   |  |
| Feb        | 0.9245                   | 1.1090       | 1.0910        | 1.0025  | 1.0024  | 0.1751  | 0.1799   |  |
| Mar        | 1.0200                   | 1.1139       | 1.0936        | 1.0009  | 1.0000  | 0.1772  | 0.1780   |  |
| Apr        | 1.0691                   | 1.1032       | 1.0822        | 1.0000  | 1.0006  | 0.1725  | 0.1763   |  |
| May        | 1.2450                   | 1.0950       | 1.0860        | 1.0008  | 1.0022  | 0.1755  | 0.1758   |  |
| Jun        | 1.2440                   | 1.2050       | 1.1901        | 1.0122  | 1.0048  | 0.1868  | 0.1784   |  |
| Jul        | 1.1790                   | 1.2345       | 1.1916        | 1.0225  | 1.0060  | 0.1970  | 0.1855   |  |

## Market Statistics

| Month/Year | Distributing Plants | Supply Plants | Coop .9(c) Handlers | Producers | Total Producer Milk<br><i>Mil. lbs.</i> | Estimated Average Daily Delivery<br><i>Pounds</i> | Butterfat Test<br><i>Percent</i> | Protein Test<br><i>Percent</i> | Other Solids Test<br><i>Percent</i> | Weighted Average SCC<br><i>(000)</i> |
|------------|---------------------|---------------|---------------------|-----------|---|---|----------------------------------|--------------------------------|-------------------------------------|--------------------------------------|
| Jan 2000   | 29                  | 84            | 12                  | 22,923    | 2,433                                   | 3,486   | 3.81                             | 3.05                           | 5.66                                | 308                                  |
| Feb        | 28                  | 79            | 11                  | 22,874    | 2,269                                   | 3,491   | 3.78                             | 3.02                           | 5.68                                | 316                                  |
| Mar        | 28                  | 76            | 11                  | 21,808    | 2,261                                   | 3,389   | 3.76                             | 3.00                           | 5.72                                | 329                                  |
| Apr        | 29                  | 75            | 11                  | 20,499    | 2,069                                   | 3,415   | 3.76                             | 3.00                           | 5.72                                | 321                                  |
| May        | 29                  | 73            | 11                  | 20,091    | 2,085                                   | 3,402   | 3.67                             | 2.96                           | 5.74                                | 327                                  |
| Jun        | 29                  | 72            | 10                  | 18,854    | 1,933                                   | 3,370   | 3.64                             | 2.95                           | 5.74                                | 349                                  |
| Jul        | 26                  | 69            | 10                  | 18,195    | 1,917                                   | 3,364   | 3.59                             | 2.91                           | 5.72                                | 371                                  |
| Aug        |                     |               |                     |           |   |   |                                  |                                |                                     |                                      |
| Sep        |                     |               |                     |           |   |   |                                  |                                |                                     |                                      |
| Oct        |                     |               |                     |           |   |   |                                  |                                |                                     |                                      |
| Nov        |                     |               |                     |           |   |   |                                  |                                |                                     |                                      |
| Dec        |                     |               |                     |           |   |   |                                  |                                |                                     |                                      |
| Jan 2001   |                     |               |                     |           |   |   |                                  |                                |                                     |                                      |

\* NASS = National Agricultural Statistics Service, USDA. \*\* Prices prior to January 2000 are FMMA reported prices.

# Class Prices \*

| Month/Year | Class I Price Mover |           |       | Class I Price at Cook County, IL |           |       | Class II Price |               |           |       |
|------------|---------------------|-----------|-------|----------------------------------|-----------|-------|----------------|---------------|-----------|-------|
|            | Butterfat           | Skim Milk | 3.50% | Butterfat                        | Skim Milk | 3.50% | Butterfat      | Nonfat Solids | Skim Milk | 3.50% |
|            | lb.                 | cwt.      | cwt.  | lb.                              | cwt.      | cwt.  | lb.            | lb.           | cwt.      | cwt.  |
| Jul 1999   | 1.6112              | 7.67      | 13.04 | 1.6292                           | 9.47      | 14.84 | 1.5500         | 0.9300        | 8.37      | 13.50 |
| Aug        | 1.5323              | 7.79      | 12.88 | 1.5503                           | 9.59      | 14.68 | 1.5366         | 0.9300        | 8.37      | 13.46 |
| Sep        | 1.5937              | 10.03     | 15.26 | 1.6117                           | 11.83     | 17.06 | 1.4841         | 0.9322        | 8.39      | 13.29 |
| Oct        | 1.4859              | 11.75     | 16.54 | 1.5039                           | 13.55     | 18.34 | 1.2427         | 0.9389        | 8.45      | 12.50 |
| Nov        | 1.2560              | 8.81      | 12.90 | 1.2740                           | 10.61     | 14.70 | 1.1652         | 0.9422        | 8.48      | 12.26 |
| Dec        | 1.1652              | 7.78      | 11.59 | 1.1832                           | 9.58      | 13.39 | 0.9874         | 0.9422        | 8.48      | 11.64 |
| Jan 2000   | 0.9854              | 7.72      | 10.90 | 1.0034                           | 9.52      | 12.70 | 0.9436         | 0.9356        | 8.42      | 11.43 |
| Feb        | 0.9302              | 7.72      | 10.71 | 0.9482                           | 9.52      | 12.51 | 0.9658         | 0.9356        | 8.42      | 11.51 |
| Mar        | 0.9713              | 7.71      | 10.84 | 0.9893                           | 9.51      | 12.64 | 1.0261         | 0.9344        | 8.41      | 11.71 |
| Apr        | 0.9989              | 7.70      | 10.93 | 1.0169                           | 9.50      | 12.73 | 1.1422         | 0.9333        | 8.40      | 12.10 |
| May        | 1.1559              | 7.70      | 11.48 | 1.1739                           | 9.50      | 13.28 | 1.2924         | 0.9333        | 8.40      | 12.63 |
| Jun        | 1.2195              | 7.70      | 11.70 | 1.2375                           | 9.50      | 13.50 | 1.4198         | 0.9333        | 8.40      | 13.08 |
| Jul        | 1.4355              | 7.71      | 12.46 | 1.4535                           | 9.51      | 14.26 | 1.2761         | 0.9344        | 8.41      | 12.58 |
| Aug        | 1.2913              | 7.70      | 11.95 | 1.3093                           | 9.50      | 13.75 |                | 0.9333        | 8.40      |       |

| Month/Year | Class III Price |         |              |           |       | Class IV Price |               |           |       |
|------------|-----------------|---------|--------------|-----------|-------|----------------|---------------|-----------|-------|
|            | Butterfat       | Protein | Other Solids | Skim Milk | 3.50% | Butterfat      | Nonfat Solids | Skim Milk | 3.50% |
|            | lb.             | lb.     | lb.          | cwt.      | cwt.  | lb.            | lb.           | cwt.      | cwt.  |
| Jul 1999   | 1.5430          | 2.4431  | 0.0366       | 7.79      | 12.92 | 1.5430         | 0.8514        | 7.66      | 12.79 |
| Aug        | 1.5296          | 3.3421  | 0.0455       | 10.63     | 15.61 | 1.5296         | 0.8548        | 7.69      | 12.77 |
| Sep        | 1.4771          | 3.3853  | 0.0539       | 10.81     | 15.60 | 1.4771         | 0.8631        | 7.77      | 12.67 |
| Oct        | 1.2357          | 2.6138  | 0.0593       | 8.45      | 12.48 | 1.2357         | 0.8640        | 7.78      | 11.83 |
| Nov        | 1.1582          | 2.0696  | 0.0565       | 6.75      | 10.57 | 1.1582         | 0.8625        | 7.76      | 11.54 |
| Dec        | 0.9804          | 2.0615  | 0.0539       | 6.71      | 9.91  | 0.9804         | 0.8570        | 7.71      | 10.87 |
| Jan 2000   | 0.9366          | 2.1677  | 0.0503       | 7.02      | 10.05 | 0.9366         | 0.8574        | 7.72      | 10.73 |
| Feb        | 0.9588          | 1.9849  | 0.0432       | 6.41      | 9.54  | 0.9588         | 0.8565        | 7.71      | 10.80 |
| Mar        | 1.0191          | 1.9166  | 0.0424       | 6.19      | 9.54  | 1.0191         | 0.8553        | 7.70      | 11.00 |
| Apr        | 1.1352          | 1.7399  | 0.0408       | 5.63      | 9.41  | 1.1352         | 0.8537        | 7.68      | 11.38 |
| May        | 1.2854          | 1.5514  | 0.0403       | 5.05      | 9.37  | 1.2854         | 0.8530        | 7.68      | 11.91 |
| Jun        | 1.4128          | 1.4278  | 0.0438       | 4.68      | 9.46  | 1.4128         | 0.8556        | 7.70      | 12.38 |
| Jul        | 1.2691          | 1.9726  | 0.0557       | 6.44      | 10.66 | 1.2691         | 0.8561        | 7.70      | 11.87 |

# Producer Prices

| Month/Year | Producer Price Differential | Statistical Uniform Price (at 3.50%) | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|-----------------------------|--------------------------------------|-----------------|---------------|--------------------|---------------------|----------------------------------|
|            | cwt.                        | cwt.                                 | lb.             | lb.           | lb.                | cwt.                | cwt.                             |
| Jan 2000   | \$0.43                      | \$10.48                              | \$0.9366        | \$2.1677      | \$0.0503           | \$0.00058           | \$11.41                          |
| Feb        | 0.56                        | 10.10                                | 0.9588          | 1.9849        | 0.0432             | 0.00055             | 11.04                            |
| Mar        | 0.64                        | 10.18                                | 1.0191          | 1.9166        | 0.0424             | 0.00055             | 11.04                            |
| Apr        | 0.74                        | 10.15                                | 1.1352          | 1.7399        | 0.0408             | 0.00055             |                                  |
| May        | 0.90                        | 10.27                                | 1.2854          | 1.5514        | 0.0403             | 0.00055             |                                  |
| Jun        | 0.97                        | 10.43                                | 1.4128          | 1.4278        | 0.0438             | 0.00056             |                                  |
| Jul        | 0.70                        | 11.36                                | 1.2691          | 1.9726        | 0.0557             | 0.00061             |                                  |
| Aug        |                             |                                      |                 |               |                    |                     |                                  |
| Sep        |                             |                                      |                 |               |                    |                     |                                  |
| Oct        |                             |                                      |                 |               |                    |                     |                                  |
| Nov        |                             |                                      |                 |               |                    |                     |                                  |
| Dec        |                             |                                      |                 |               |                    |                     |                                  |
| Jan 2001   |                             |                                      |                 |               |                    |                     |                                  |

\* Prices prior to January 2000 are estimated.

# Summary of Federal Order Data - July 2000

| <u>Federal Order Number / Name</u> | <u>Producer Deliveries</u> | <u>Class I Producer Receipts</u> | <u>Class I Utilization</u> | <u>Class I Price</u> | <u>Producer Price Differential</u> | <u>Statistical Uniform Price at 3.50%</u> |
|------------------------------------|----------------------------|----------------------------------|----------------------------|----------------------|------------------------------------|---|
|                                    | <i>Thousand Pounds</i>     |                                  | <i>Percent</i>             |                      | <i>Dollars per Cwt.</i>            |   |
| 1 Northeast                        | 1,988,282                  | 805,463                          | 40.5                       | \$ 15.71             | \$ 2.86                            | \$ 13.52                                  |
| 5 Appalachian                      | 490,477                    | 339,858                          | 69.3                       | 15.56                | n/a                                | 14.46                                     |
| 6 Florida                          | 225,202                    | 199,325                          | 88.5                       | 16.46                | n/a                                | 15.78                                     |
| 7 Southeast                        | 570,001                    | 373,856                          | 65.6                       | 15.56                | n/a                                | 14.23                                     |
| <b>30 Upper Midwest</b>            | <b>1,917,182</b>           | <b>313,752</b>                   | <b>16.4</b>                | <b>14.26</b>         | <b>0.70</b>                        | <b>11.36</b>                              |
| 32 Central                         | 1,441,516                  | 381,973                          | 26.5                       | 14.46                | 1.29                               | 11.95                                     |
| 33 Mideast                         | 1,213,319                  | 514,292                          | 42.4                       | 14.46                | 2.02                               | 12.68                                     |
| 124 Pacific Northwest              | 614,030                    | 162,128                          | 26.4                       | 14.36                | 1.53                               | 12.19                                     |
| 126 Southwest                      | 727,472                    | 305,716                          | 42.0                       | 15.46                | 2.70                               | 13.36                                     |
| 131 Arizona-Las Vegas              | 251,737                    | 73,093                           | 29.0                       | 14.81                | n/a                                | 12.32                                     |
| 135 Western                        | 392,873                    | 79,046                           | 20.1                       | 14.36                | 1.07                               | 11.73                                     |
| All Market Average or Total        | 9,832,090                  | 3,548,503                        | 36.1                       |                      |                                    |   |

n/a = Not applicable.

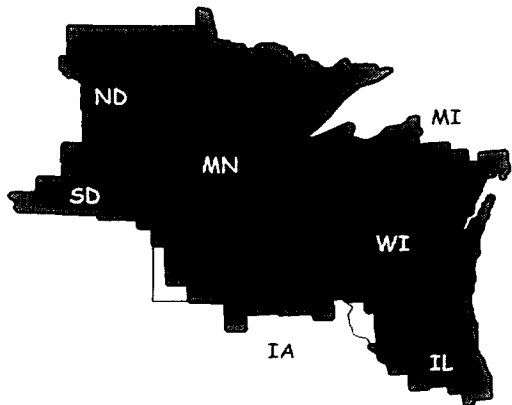
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*Upper Midwest Marketing Area  
 F.O. 30*



# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

Volume 1, Issue 6

Upper Midwest Marketing Area, Federal Order No. 30

July 2000

### Special points of interest:

- June Producer Price Differential -- \$0.97 / cwt.
- June Statistical Uniform Price -- \$10.43 / cwt.



### Inside this issue:

Forward Contract Pilot Program Q & A ..... 2

Computation of Producer Price Differential ..... 4

Utilization and Classification ..... 5

Commodity Prices and Market Statistics ..... 6

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## Producer Price Differential Rises to 97¢

The producer price differential for the Upper Midwest Order for June 2000 is 97¢ per cwt., up 7¢ from May. The resulting statistical uniform price of \$10.43 per cwt. is up 16¢ from May.

Producer milk in June 2000 totaled 1.93 billion pounds, down 4% on a daily basis

from May. During the month, 18,854 producers delivered to the market with an average daily delivery of 3,370 pounds.

Class I use in June totaled 327 million pounds, down 3.6% on a daily basis from May. The decrease resulted primarily from a decline in

disposition of fluid milk products on routes, with the end of the school season likely a factor. During the month, Class I usage accounted for 16.9% of producer milk.

Market statistics for June are shown on Pages 4 and 5.

## Forward Contract Pilot Program

On July 13, 2000, USDA issued the final rules for the Forward Contract Pilot Program. The program will be effective for milk marketed August 1, 2000 through December 31, 2004. The Consolidated Appropriations Act, 2000, required the Secretary of Agriculture to establish a temporary pilot program for forward contracting of milk.

Under the new pilot program, dairy farmers and cooperatives who market their milk under Federal milk marketing orders will be able to enter into forward pricing contracts with proprietary handlers who purchase their milk.

The pilot program will only apply to federally regulated milk used for manufactured dairy products (ie., butter, powder, cheese, ice cream, yogurt, etc.). Fluid milk

(Class I) is not eligible for forward contracting under the pilot program.

For the volume of milk covered by forward contracts, a handler is exempt from paying minimum Federal order price(s) to producers and cooperative associations. Instead, prices as agreed to in the forward contract will be paid.

Requirements of the final rule include:

- The first contract may not exceed 12 months.
- The contract must be signed before the month for which it would be effective and must be in the possession of the Market Administrator by the 15th of that month.
- The contract must be accompanied by a disclosure statement signed by

each producer or cooperative and dated the same day as the contract.

These provisions are intended to help producers become familiar with a new method for pricing their milk and managing risk.

A Fact Sheet has been prepared by USDA that provides useful guidelines and tips that producers should consider in deciding whether to enter into a forward contract. The Fact Sheet is available from any market administrator, or can be downloaded from the AMS web site at: [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy).

In addition, a list of questions and answers pertaining to the pilot program has been prepared. It is available from the sources listed above and is also reproduced on Pages 2 and 3 of this publication.

## Questions & Answers Concerning Pilot Forward Contract Pricing Program

**Q:** Will all dairy farmers be guaranteed an opportunity to participate in this pilot program?

**A:** In order to participate in this program, two things are necessary. First, the handler to which a dairy farmer delivers milk must be willing to offer the dairy farmer a forward contract. Second, the handler must have non-fluid uses of milk--i.e., butter, powder, cheese, ice cream, yogurt, etc.--to cover the quantity of milk under forward contract.

**Q:** Can a handler force a producer to enter into a forward contract?

**A:** A handler cannot force a producer to enter into a forward contract. The Consolidated Appropriations Act 2000 (i.e., Section 3 of H.R. 3428 of the 106th Congress, as enacted by Section 1001(a)(8) of Public Law 106-113), gives the Secretary of Agriculture the authority to implement this pilot program. If the program is abused, the Secretary will take appropriate remedial action.

**Q:** How do we know that a producer has "voluntarily" entered into a forward contract with a handler?

**A:** Before a handler can be exempt from paying a producer the Federal order's minimum price(s), the market administrator must have a signed copy of a forward contract with both the handler's and producer's signatures. The contract must be signed prior to the first day of the month for which it is to be effective and must be in the possession of the market administrator by the 15th day of the month. In addition, attached to each contract must be a disclosure statement signed by the dairy farmer or cooperative association representative entering into the forward contract.

**Q:** Is there any restriction concerning the length of a forward contract?

**A:** A contract with a producer or cooperative association participating for the first time under the pilot program is limited to 12 months. Thereafter, any contract under the pilot program involving this producer or cooperative association may be unlimited in length provided that it does not extend beyond the pilot program termination date, December 31, 2004.

**Q:** Can a producer enter into a forward contract with more than one handler?

**A:** Yes.

**Q:** Will the market administrator verify the weights and tests of milk under forward contract?

**A:** The market administrator will verify the weights and tests of milk of producers who are not members of a cooperative association in the same manner as would be done if the milk were not under contract.

**Q:** What happens if, after a handler has entered into forward contracts, the handler's nonfluid use drops below the amount of milk covered by forward contracts?

**A:** If this should happen and the contract price exceeded the order's minimum price(s) for the month, the issue would be moot and the handler would continue to pay the producer the agreed-upon contract price for the milk covered by the contract. If, on the other hand, the contract price was below the order's minimum price(s) for the month, the handler would be required to pay the

higher minimum price(s) for the quantity of over-contracted milk.

**Q:** In the situation just described, who determines which producers get the higher minimum order price for their over-contracted milk?

**A:** This determination is left to the handler. If the handler fails to indicate which milk is over-contract milk, the market administrator will prorate the quantity of over-contract milk to each producer and cooperative association having a forward contract with the handler.

**Q:** Can a handler enter into a forward contract with a cooperative association?

**A:** Yes.

**Q:** Can a forward contract between a handler and a cooperative association cover milk transferred from the cooperative association's plant?

**A:** Forward contracts can apply to bulk milk or milk components transferred from a cooperative association's plant.

**Q:** How will a handler's Class II, III, and IV utilization be determined?

**A:** Each month the market administrator will combine all of the handler's reported Class II, III, and IV utilization for all of the handler's plants receiving producer milk under the specific order.

(Continued on next page)



**Q:** Will a handler's forward contracts with producers relieve the handler of responsibility for supplying the market with milk for fluid use if the market administrator increases shipping requirements for supply plants, balancing plants, and/or a system of supply plants?

**A:** No, any handler operating a pool plant will be responsible for meeting the order's pooling requirements regardless of the impact such requirements may have on a handler's outstanding forward contracts. This responsibility would extend to any modification of shipping requirements resulting from a market administrator's adjustment of such requirements under the order.

**Q:** Will market administrators enforce payment of the contract price for milk covered by forward contracts?

**A:** No, market administrators will only enforce payment of the minimum order prices provided under the order for milk that is not subject to a forward contract.

**Q:** For that portion of their milk covered by forward contracts, will handlers still be subject to the order's classified pricing system?

**A:** Yes, even though a handler has forward contracted for a portion of its milk supply at a price that is higher or lower than the minimum order price, the handler will still be required to account for all of its milk receipts at the classified prices provided by the order and will still be required to make a payment into the producer-settlement fund if its classified use value exceeds the marketwide average. On the other hand, if a handler's classified use value is below the marketwide average, the handler will draw a payment out of the producer-settlement fund at the difference between its classified use value and the value of the milk at the marketwide average use value.

**Q:** For milk under forward contract, will a handler have to make partial and final payments by the dates required under the order?

**A:** Milk under forward contract will not be subject to the amount of payment specified under the order but contract payments will be required to be made on the same day as minimum order payments are required to be made.

**Q:** Can the components of milk under forward contract be priced on a different

basis than the components of milk that is subject to minimum Federal order pricing?

**A:** Yes, milk under forward contract can be priced any way that the handler and producer mutually agree upon.

**Q:** Why restrict forward contracting to milk that is not used for fluid use?

**A:** This restriction was specified by the legislative amendment.

**Q:** Will market administrators have any role in reviewing or approving forward contracts?

**A:** Market administrators will review a forward contract to be certain that it is in compliance with the rules governing the pilot program. They will ensure that the contract is signed by both parties and will make certain that a signed disclosure statement is attached to each contract entered into by a dairy farmer under the pilot program. Other than reviewing the contract for these items, the market administrator will not comment on or seek to change a contract that has been approved between a producer and a handler.

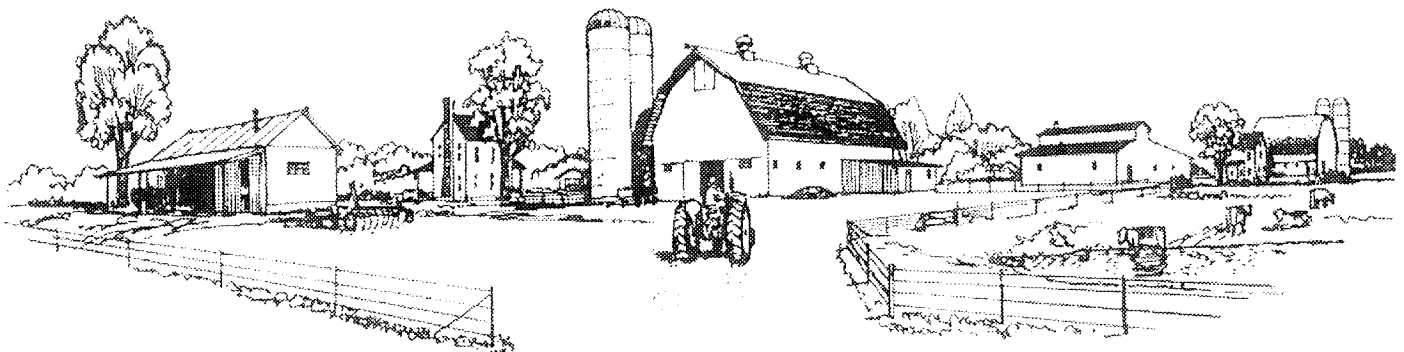
## Upper Midwest Pool Statistics - June 2000

| Market Class I  | Differential Rate | Pool Plants   | Received at Pool Plants | Diverted to Pool and Nonpool Plants | Total                | Location Adjustment to Producers | Class I Differential to Handlers |                    |
|-----------------|-------------------|---------------|-------------------------|-------------------------------------|----------------------|----------------------------------|----------------------------------|--------------------|
|                 | <i>Cwt.</i>       | <i>Number</i> | <i>Pounds</i>           | <i>Pounds</i>                       | <i>Pounds</i>        | <i>Value</i>                     | <i>Pounds</i>                    | <i>Value</i>       |
|                 | \$1.80            | 5             | 46,594,198              | 32,231,852                          | 78,826,050           | \$ 0                             | 74,361,851                       | \$1,338,513        |
|                 | \$1.75            | 43            | 203,996,301             | 612,444,945                         | 816,441,246          | 408,221                          | 122,526,038                      | 2,144,206          |
|                 | \$1.70            | 45            | 172,557,343             | 776,775,299                         | 949,332,642          | 949,333                          | 109,998,489                      | 1,869,974          |
|                 | \$1.65            | 8             | 28,412,567              | 56,694,284                          | 85,106,851           | 127,660                          | 20,235,803                       | 333,891            |
| All Other Zones |                   | 0             | 0                       | 3,405,737                           | 3,405,737            | 5,051                            | 0                                | 0                  |
| <b>Total</b>    |                   | <b>101</b>    | <b>451,560,409</b>      | <b>1,481,552,117</b>                | <b>1,933,112,526</b> | <b>\$1,490,265</b>               | <b>327,122,181</b>               | <b>\$5,686,584</b> |

# Computation of Producer Price Differential - June 2000

|   | Utilization<br>Percentage | Product<br>Pounds | Component<br>Pounds | Rate          | Value                   |
|---|---------------------------|-------------------|---------------------|---------------|-------------------------|
| <b>Class I</b> Differential Value                                 |                           |                   |                     |               | \$5,686,584.07          |
| Product   | 16.9%                     | 327,122,181       |                     |               |                         |
| Skim Milk   |                           |                   | 321,868,479         | \$ 7.7000     | 24,783,872.96           |
| Butterfat   |                           |                   | 5,253,702           | 1.2195        | 6,405,889.59            |
| <b>Class II</b> Product   | 4.1%                      | 79,074,778        |                     |               |                         |
| Nonfat Solids   |                           |                   | 6,417,714           | 0.9333        | 5,989,652.47            |
| Butterfat   |                           |                   | 7,753,833           | 1.4198        | 11,008,892.10           |
| <b>Class III</b> Product  | 78.5%                     | 1,517,518,132     |                     |               |                         |
| Protein   |                           |                   | 44,803,890          | 1.4278        | 63,970,994.16           |
| Other Solids  |                           |                   | 87,329,524          | 0.0438        | 3,825,033.16            |
| Butterfat   |                           |                   | 53,837,517          | 1.4128        | 76,061,644.00           |
| <b>Class IV</b> Product   | 0.5%                      | 9,397,435         |                     |               |                         |
| Nonfat Solids   |                           |                   | 524,998             | 0.8556        | 449,188.29              |
| Butterfat   |                           |                   | 3,580,099           | 1.4128        | 5,057,963.85            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                   |                     |               | (529.92)                |
| <b>Total Producer Milk *</b>                                      |                           | 1,933,112,526     |                     |               | <b>\$203,240,184.73</b> |
| Add:  |                           |                   |                     |               |                         |
| Overage   |                           |                   |                     |               | 53,205.10               |
| Inventory Reclassified  |                           |                   |                     |               | (155,341.17)            |
| Other Source Milk \$.60(h)  |                           |                   |                     |               | 0.00                    |
| Other Source Milk \$.60(i)  |                           |                   |                     |               | 0.00                    |
| Subtract:   |                           |                   |                     |               |                         |
| Transportation Credit   |                           |                   |                     |               | 125,166.34              |
| Assembly Credit   |                           |                   |                     |               | 256,978.96              |
| Credit for Reconstituted FMP                                      |                           |                   |                     |               | 0.00                    |
| Producer Milk Protein   |                           |                   |                     |               | 81,349,617.45           |
| Producer Milk Other Solids  |                           |                   |                     |               | 4,864,008.17            |
| Producer Milk Butterfat   |                           |                   |                     |               | 99,496,653.32           |
| Producer Milk SCC Adjustment                                      |                           |                   |                     |               | 15,628.94               |
| <b>Total Milk and Value</b>                                       |                           | 1,933,112,526     |                     |               | <b>\$17,029,995.48</b>  |
| Add:  |                           |                   |                     |               |                         |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                   |                     |               | 1,490,265.18            |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                   |                     |               | 1,153,655.92            |
| <b>Total Value</b>  |                           |                   |                     | 1.017733      | <b>\$19,673,916.58</b>  |
| Subtract:   |                           |                   |                     |               |                         |
| Producer Settlement Fund Reserve                                  |                           |                   |                     | 0.047733      | 922,725.08              |
| <b>Producer Price Differential (Dollars Per Cwt.--Base Zone)</b>  |                           |                   |                     | <b>\$0.97</b> | <b>\$18,751,191.50</b>  |

\* An estimated 65 million pounds of milk was not pooled.



# Utilization and Classification

|   | June 2000            |                   | May 2000             |
|---|----------------------|-------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |
| Packaged Disposition                      |                      |                   |                      |
| Milk                                      | 51,427,103           | 1,672,377         | 53,495,980           |
| Flavored Milk                             | 6,165,755            | 166,869           | 7,605,583            |
| Reduced Fat Milk                          | 125,360,610          | 2,451,254         | 133,235,296          |
| Lowfat Milk                               | 42,156,110           | 423,130           | 44,473,313           |
| Fat Free Milk                             | 81,069,473           | 86,490            | 85,350,744           |
| Flavored Reduced and Fat Free Milk        | 11,772,035           | 144,890           | 23,638,207           |
| Buttermilk                                | 2,581,277            | 27,394            | 2,556,104            |
| Total Packaged Disposition                | 320,532,363          | 4,972,404         | 350,355,227          |
| Total Ending Inventory                    | 30,356,196           | 490,330           | 25,868,525           |
| Bulk to Nonpool Plants                    | 4,644,934            | 43,908            | 3,111,110            |
| Shrinkage                                 | 1,875,132            | 251,989           | 5,033,949            |
| Total Class I Utilization                 | 357,408,625          | 5,758,631         | 384,368,811          |
| Other Order Plants                        | (3,565,930)          | (76,241)          | (4,029,022)          |
| Beginning Inventory                       | (26,145,365)         | (419,165)         | (28,901,056)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (324,985)            | (3,631)           | (327,262)            |
| Overage                                   | --                   | --                | --                   |
| Interhandler Adjustment                   | (250,164)            | (5,892)           | (358,547)            |
| <b>Class I Producer Milk</b>              | <b>327,122,181</b>   | <b>5,253,702</b>  | <b>350,752,924</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |
| Total Class II Utilization                | 98,284,400           | 9,259,120         | 100,205,365          |
| Other Order Plants                        | (2,723,877)          | (51,911)          | (1,613,758)          |
| Beginning Inventory                       | (4,944,504)          | (189,499)         | (2,664,973)          |
| Reused Products                           | (8,983,763)          | (1,689)           | (8,873,640)          |
| Other Source Milk                         | (2,368,473)          | (1,262,188)       | (1,331,028)          |
| Overage                                   | (189,005)            | 0                 | (336,286)            |
| <b>Class II Producer Milk</b>             | <b>79,074,778</b>    | <b>7,753,833</b>  | <b>85,385,680</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |
| Total Class III Utilization               | 1,548,185,091        | 54,783,021        | 1,674,403,839        |
| Other Order Plants                        | (8,131,502)          | (302,066)         | (7,505,302)          |
| Beginning Inventory                       | (8,304,628)          | (184,244)         | (9,176,249)          |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (14,126,426)         | (454,733)         | (18,985,310)         |
| Overage                                   | (104,403)            | (4,461)           | (53,013)             |
| <b>Class III Producer Milk</b>            | <b>1,517,518,132</b> | <b>53,837,517</b> | <b>1,638,683,965</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |
| Total Class IV Utilization                | 25,710,083           | 4,733,607         | 39,854,650           |
| Other Order Plants                        | (1,420,974)          | (94,136)          | (2,025,181)          |
| Beginning Inventory                       | (9,139,901)          | (660,987)         | (20,036,470)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (5,622,513)          | (391,833)         | (7,506,523)          |
| Overage                                   | (129,260)            | (6,552)           | (172,249)            |
| <b>Class IV Producer Milk</b>             | <b>9,397,435</b>     | <b>3,580,099</b>  | <b>10,114,227</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>1,933,112,526</b> | <b>70,425,151</b> | <b>2,084,936,796</b> |

-- Restricted Information

## Commodity Prices

| Month/Year               | Weighted Monthly Average NASS Prices * |         |         |        |        |          | Weighted Two-Week Average NASS Prices * |         |         |        |        |          |
|--------------------------|--|---------|---------|--------|--------|----------|---|---------|---------|--------|--------|----------|
|                          | Blocks                                 | Barrels | Average | Butter | NFDM   | Dry Whey | Blocks                                  | Barrels | Average | Butter | NFDM   | Dry Whey |
| <i>Dollars per Pound</i> |  |         |         |        |        |          |   |         |         |        |        |          |
| Jun 1999                 | 1.2747                                 | 1.2502  | 1.2786  | 1.4609 | 1.0046 | 0.1711   | 1.2391                                  | 1.2134  | 1.2422  | 1.4352 | 1.0067 | 0.1717   |
| Jul                      | 1.4702                                 | 1.4232  | 1.4583  | 1.3793 | 1.0054 | 0.1724   | 1.4673                                  | 1.4199  | 1.4548  | 1.3705 | 1.0058 | 0.1724   |
| Aug                      | 1.7213                                 | 1.6822  | 1.7154  | 1.3683 | 1.0089 | 0.1810   | 1.6900                                  | 1.6522  | 1.6849  | 1.4208 | 1.0087 | 0.1773   |
| Sep                      | 1.8023                                 | 1.6286  | 1.7084  | 1.3252 | 1.0174 | 0.1892   | 1.8770                                  | 1.7310  | 1.8008  | 1.3324 | 1.0155 | 0.1872   |
| Oct                      | 1.4388                                 | 1.3415  | 1.3934  | 1.1273 | 1.0183 | 0.1944   | 1.4851                                  | 1.3841  | 1.4359  | 1.1439 | 1.0188 | 0.1920   |
| Nov                      | 1.2143                                 | 1.1713  | 1.2058  | 1.0637 | 1.0168 | 0.1917   | 1.2583                                  | 1.2188  | 1.2521  | 1.0695 | 1.0184 | 0.1901   |
| Dec                      | 1.1319                                 | 1.1096  | 1.1371  | 0.9179 | 1.0111 | 0.1892   | 1.1191                                  | 1.1008  | 1.1268  | 0.9220 | 1.0125 | 0.1870   |
| Jan 2000                 | 1.1417                                 | 1.1279  | 1.1517  | 0.8820 | 1.0115 | 0.1857   | 1.1652                                  | 1.1416  | 1.1696  | 0.8768 | 1.0114 | 0.1859   |
| Feb                      | 1.1028                                 | 1.0793  | 1.1067  | 0.9002 | 1.0106 | 0.1788   | 1.1054                                  | 1.0804  | 1.1084  | 0.9105 | 1.0104 | 0.1800   |
| Mar                      | 1.0993                                 | 1.0854  | 1.1093  | 0.9497 | 1.0094 | 0.1780   | 1.0953                                  | 1.0841  | 1.1073  | 0.9331 | 1.0098 | 0.1771   |
| Apr                      | 1.0979                                 | 1.0733  | 1.1011  | 1.0449 | 1.0078 | 0.1765   | 1.0985                                  | 1.0770  | 1.1035  | 1.0618 | 1.0096 | 0.1774   |
| May                      | 1.0892                                 | 1.0793  | 1.1022  | 1.1680 | 1.0071 | 0.1760   | 1.0911                                  | 1.0768  | 1.1011  | 1.1140 | 1.0100 | 0.1755   |
| Jun                      | 1.0996                                 | 1.0929  | 1.1137  | 1.2725 | 1.0097 | 0.1794   | 1.0914                                  | 1.0851  | 1.1060  | 1.2911 | 1.0106 | 0.1794   |

| Month/Year               | Chicago Mercantile Exchange |              |               |         |         |         |          |  |
|--------------------------|-----------------------------|--------------|---------------|---------|---------|---------|----------|--|
|                          | Butter Prices               |              | Cheese Prices |         | NFDM    |         | Dry Whey |  |
|                          | Grade AA **                 | 40 lb. Block | Barrel        | Central | Western | Central | Western  |  |
| <i>Dollars per Pound</i> |                             |              |               |         |         |         |          |  |
| Jun 1999                 | 1.4931                      | 1.3974       | 1.3572        | 1.0139  | 0.9998  | 0.1737  | 0.1709   |  |
| Jul                      | 1.3444                      | 1.6307       | 1.5618        | 1.0172  | 1.0012  | 0.1809  | 0.1780   |  |
| Aug                      | 1.3963                      | 1.8943       | 1.7865        | 1.0384  | 1.0124  | 0.1972  | 0.1835   |  |
| Sep                      | 1.3393                      | 1.6183       | 1.4996        | 1.0486  | 1.0183  | 0.2079  | 0.1902   |  |
| Oct                      | 1.1248                      | 1.3031       | 1.2656        | 1.0451  | 1.0175  | 0.1938  | 0.1994   |  |
| Nov                      | 1.0725                      | 1.1435       | 1.1251        | 1.0343  | 1.0109  | 0.1834  | 0.2041   |  |
| Dec                      | 0.9163                      | 1.1545       | 1.1475        | 1.0168  | 1.0039  | 0.1865  | 0.2004   |  |
| Jan 2000                 | 0.9090                      | 1.1285       | 1.1101        | 1.0090  | 1.0038  | 0.1811  | 0.1911   |  |
| Feb                      | 0.9245                      | 1.1090       | 1.0910        | 1.0025  | 1.0024  | 0.1751  | 0.1799   |  |
| Mar                      | 1.0200                      | 1.1139       | 1.0936        | 1.0009  | 1.0000  | 0.1772  | 0.1780   |  |
| Apr                      | 1.0691                      | 1.1032       | 1.0822        | 1.0000  | 1.0006  | 0.1725  | 0.1763   |  |
| May                      | 1.2450                      | 1.0950       | 1.0860        | 1.0008  | 1.0022  | 0.1755  | 0.1758   |  |
| Jun                      | 1.2440                      | 1.2050       | 1.1901        | 1.0122  | 1.0048  | 0.1868  | 0.1784   |  |

## Market Statistics

| Month/Year | Distributing<br>Plants | Supply<br>Plants | Coop .9(c)<br>Handlers | Producers | Total<br>Producer<br>Milk<br><i>Mil. lbs.</i> | Estimated<br>Average Daily<br>Delivery<br><i>Pounds</i> | Butterfat<br>Test<br><i>Percent</i> | Protein<br>Test<br><i>Percent</i> | Other<br>Solids<br>Test<br><i>Percent</i> | Weighted<br>Average<br>SCC<br><i>(000)</i> |
|------------|------------------------|------------------|------------------------|-----------|---|---|-------------------------------------|-----------------------------------|---|--|
| Jan 2000   | 29                     | 84               | 12                     | 22,923    | 2,433   | 3,486   | 3.81                                | 3.05                              | 5.66                                      | 308  |
| Feb        | 28                     | 79               | 11                     | 22,874    | 2,269   | 3,491   | 3.78                                | 3.02                              | 5.68                                      | 316  |
| Mar        | 28                     | 76               | 11                     | 21,808    | 2,261   | 3,389   | 3.76                                | 3.00                              | 5.72                                      | 329  |
| Apr        | 29                     | 75               | 11                     | 20,499    | 2,069   | 3,415   | 3.76                                | 3.00                              | 5.72                                      | 321  |
| May        | 29                     | 73               | 11                     | 20,091    | 2,085   | 3,402   | 3.67                                | 2.96                              | 5.74                                      | 327  |
| Jun        | 29                     | 72               | 10                     | 18,854    | 1,933   | 3,370   | 3.64                                | 2.95                              | 5.74                                      | 349  |
| Jul        |                        |                  |                        |           |   |   |                                     |                                   |   |  |
| Aug        |                        |                  |                        |           |   |   |                                     |                                   |   |  |
| Sep        |                        |                  |                        |           |   |   |                                     |                                   |   |  |
| Oct        |                        |                  |                        |           |   |   |                                     |                                   |   |  |
| Nov        |                        |                  |                        |           |   |   |                                     |                                   |   |  |
| Dec        |                        |                  |                        |           |   |   |                                     |                                   |   |  |
| Jan 2001   |                        |                  |                        |           |   |   |                                     |                                   |   |  |

\* NASS = National Agricultural Statistics Service, USDA. \*\* Prices prior to January 2000 are FMMA reported prices.

## Class Prices \*

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |               |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Jun 1999   | 1.0756              | 7.66        | 11.16       | 1.0936                           | 9.46        | 12.96       | 1.6496         | 0.9289        | 8.36        | 13.84       |
| Jul        | 1.6112              | 7.67        | 13.04       | 1.6292                           | 9.47        | 14.84       | 1.5500         | 0.9300        | 8.37        | 13.50       |
| Aug        | 1.5323              | 7.79        | 12.88       | 1.5503                           | 9.59        | 14.68       | 1.5366         | 0.9300        | 8.37        | 13.46       |
| Sep        | 1.5937              | 10.03       | 15.26       | 1.6117                           | 11.83       | 17.06       | 1.4841         | 0.9322        | 8.39        | 13.29       |
| Oct        | 1.4859              | 11.75       | 16.54       | 1.5039                           | 13.55       | 18.34       | 1.2427         | 0.9389        | 8.45        | 12.50       |
| Nov        | 1.2560              | 8.81        | 12.90       | 1.2740                           | 10.61       | 14.70       | 1.1652         | 0.9422        | 8.48        | 12.26       |
| Dec        | 1.1652              | 7.78        | 11.59       | 1.1832                           | 9.58        | 13.39       | 0.9874         | 0.9422        | 8.48        | 11.64       |
| Jan 2000   | 0.9854              | 7.72        | 10.90       | 1.0034                           | 9.52        | 12.70       | 0.9436         | 0.9356        | 8.42        | 11.43       |
| Feb        | 0.9302              | 7.72        | 10.71       | 0.9482                           | 9.52        | 12.51       | 0.9658         | 0.9356        | 8.42        | 11.51       |
| Mar        | 0.9713              | 7.71        | 10.84       | 0.9893                           | 9.51        | 12.64       | 1.0261         | 0.9344        | 8.41        | 11.71       |
| Apr        | 0.9989              | 7.70        | 10.93       | 1.0169                           | 9.50        | 12.73       | 1.1422         | 0.9333        | 8.40        | 12.10       |
| May        | 1.1559              | 7.70        | 11.48       | 1.1739                           | 9.50        | 13.28       | 1.2924         | 0.9333        | 8.40        | 12.63       |
| Jun        | 1.2195              | 7.70        | 11.70       | 1.2375                           | 9.50        | 13.50       | 1.4198         | 0.9333        | 8.40        | 13.08       |
| Jul        | 1.4355              | 7.71        | 12.46       | 1.4535                           | 9.51        | 14.26       |                | 0.9344        | 8.41        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Jun 1999   | 1.6426          | 1.6992     | 0.0352       | 5.48        | 11.04       | 1.6426         | 0.8506        | 7.66        | 13.14       |
| Jul        | 1.5430          | 2.4431     | 0.0366       | 7.79        | 12.92       | 1.5430         | 0.8514        | 7.66        | 12.79       |
| Aug        | 1.5296          | 3.3421     | 0.0455       | 10.63       | 15.61       | 1.5296         | 0.8548        | 7.69        | 12.77       |
| Sep        | 1.4771          | 3.3853     | 0.0539       | 10.81       | 15.60       | 1.4771         | 0.8631        | 7.77        | 12.67       |
| Oct        | 1.2357          | 2.6138     | 0.0593       | 8.45        | 12.48       | 1.2357         | 0.8640        | 7.78        | 11.83       |
| Nov        | 1.1582          | 2.0696     | 0.0565       | 6.75        | 10.57       | 1.1582         | 0.8625        | 7.76        | 11.54       |
| Dec        | 0.9804          | 2.0615     | 0.0539       | 6.71        | 9.91        | 0.9804         | 0.8570        | 7.71        | 10.87       |
| Jan 2000   | 0.9366          | 2.1677     | 0.0503       | 7.02        | 10.05       | 0.9366         | 0.8574        | 7.72        | 10.73       |
| Feb        | 0.9588          | 1.9849     | 0.0432       | 6.41        | 9.54        | 0.9588         | 0.8565        | 7.71        | 10.80       |
| Mar        | 1.0191          | 1.9166     | 0.0424       | 6.19        | 9.54        | 1.0191         | 0.8553        | 7.70        | 11.00       |
| Apr        | 1.1352          | 1.7399     | 0.0408       | 5.63        | 9.41        | 1.1352         | 0.8537        | 7.68        | 11.38       |
| May        | 1.2854          | 1.5514     | 0.0403       | 5.05        | 9.37        | 1.2854         | 0.8530        | 7.68        | 11.91       |
| Jun        | 1.4128          | 1.4278     | 0.0438       | 4.68        | 9.46        | 1.4128         | 0.8556        | 7.70        | 12.38       |

## Producer Prices

| Month/Year | Producer Price | Statistical Uniform Price | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|----------------|---------------------------|-----------------|---------------|--------------------|---------------------|----------------------------------|
|            | Differential   | (at 3.50%)                |                 |               |                    |                     |                                  |
|            | <i>cwt.</i>    | <i>cwt.</i>               |                 |               |                    |                     |                                  |
| Jan 2000   | \$0.43         | \$10.48                   | \$0.9366        | \$2.1677      | \$0.0503           | \$0.00058           | \$11.41                          |
| Feb        | 0.56           | 10.10                     | 0.9588          | 1.9849        | 0.0432             | 0.00055             |                                  |
| Mar        | 0.64           | 10.18                     | 1.0191          | 1.9166        | 0.0424             | 0.00055             |                                  |
| Apr        | 0.74           | 10.15                     | 1.1352          | 1.7399        | 0.0408             | 0.00055             |                                  |
| May        | 0.90           | 10.27                     | 1.2854          | 1.5514        | 0.0403             | 0.00055             |                                  |
| Jun        | 0.97           | 10.43                     | 1.4128          | 1.4278        | 0.0438             | 0.00056             |                                  |
| Jul        |                |                           |                 |               |                    |                     |                                  |
| Aug        |                |                           |                 |               |                    |                     |                                  |
| Sep        |                |                           |                 |               |                    |                     |                                  |
| Oct        |                |                           |                 |               |                    |                     |                                  |
| Nov        |                |                           |                 |               |                    |                     |                                  |
| Dec        |                |                           |                 |               |                    |                     |                                  |
| Jan 2001   |                |                           |                 |               |                    |                     |                                  |

\* Prices prior to January 2000 are estimated.

# Summary of Federal Order Data - June 2000

| Federal Order Number / Name | Producer Deliveries    | Class I Producer Receipts | Class I Utilization | Class I Price | Producer Price Differential | Statistical Uniform Price at 3.50% |
|-----------------------------|------------------------|---------------------------|---------------------|---------------|-----------------------------|------------------------------------|
|                             | <i>Thousand Pounds</i> |                           | <i>Percent</i>      |               | <i>Dollars per Cwt.</i>     |                                    |
| 1 Northeast                 | 1,948,959              | 819,879                   | 42.1                | \$ 14.95      | \$ 3.79                     | \$ 13.25                           |
| 5 Appalachian               | 557,820                | 347,478                   | 62.3                | 14.80         | n/a                         | 14.01                              |
| 6 Florida                   | 228,335                | 202,603                   | 88.7                | 15.70         | n/a                         | 15.57                              |
| 7 Southeast                 | 604,665                | 388,580                   | 64.3                | 14.80         | n/a                         | 13.78                              |
| 30 Upper Midwest            | 1,933,113              | 327,122                   | 16.9                | 13.50         | 0.97                        | 10.43                              |
| 32 Central                  | 1,371,693              | 376,529                   | 27.4                | 13.70         | 1.70                        | 11.16                              |
| 33 Mideast                  | 1,114,461              | 521,550                   | 46.8                | 13.70         | 2.92                        | 12.38                              |
| 124 Pacific Northwest       | 479,536                | 167,807                   | 35.0                | 13.60         | 2.45                        | 11.91                              |
| 126 Southwest               | 643,102                | 313,897                   | 48.8                | 14.70         | 3.29                        | 12.75                              |
| 131 Arizona-Las Vegas       | 261,060                | 76,918                    | 29.5                | 14.05         | n/a                         | 12.10                              |
| 135 Western                 | 381,926                | 82,000                    | 21.5                | 13.60         | 1.55                        | 11.01                              |
| All Market Average or Total | 9,524,671              | 3,624,363                 | 38.1                |               |                             |                                    |

n/a = Not applicable.

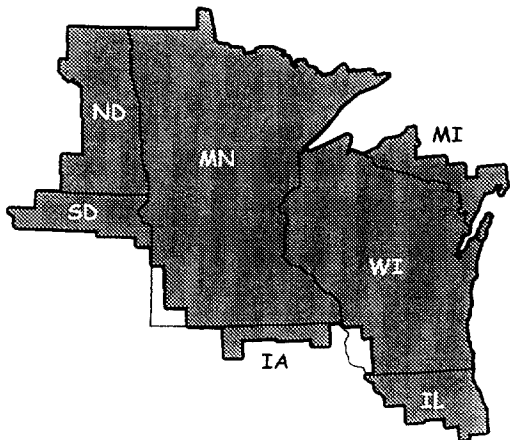
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# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

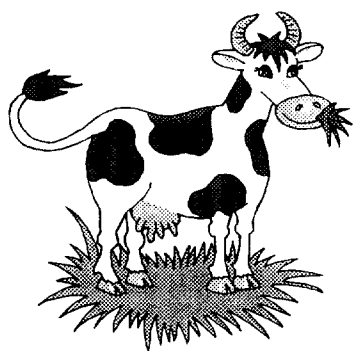
Volume 1, Issue 5

Upper Midwest Marketing Area, Federal Order No. 30

June 2000

### Special points of interest:

- May Producer Price Differential -- \$0.90 / cwt.
- May Statistical Uniform Price -- \$10.27 / cwt.



### Inside this issue:

January 2000 Producer Milk by State and County... 2

Computation of Producer Price Differential ..... 4

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Class Prices and Producer Prices ..... 7

## Producer Price Differential Rises to 90¢

The producer price differential for the Upper Midwest Order for May 2000 is 90¢ per cwt., up 16¢ from April. The resulting statistical uniform price of \$10.27 per cwt. is up 12¢ from April.

Producer milk in May 2000 totaled 2.1 billion pounds,

down 2.5% on a daily basis from April. During the month, 20,091 producers delivered to the market with an average daily delivery of 3,402 pounds.

Class I use in May totaled 351 million pounds, down 4.3% on a daily basis from

April. The increase resulted primarily from a rise in disposition of fluid milk products on routes. During the month, Class I usage accounted for 16.8% of producer milk.

Market statistics for May are shown on Pages 4 and 5.

## Producer Milk by State and County

During January 2000, producer milk for the Upper Midwest order was received from 262 counties in eight states. The table on Pages 2 and 3 contains those producer receipts as well as the number of producers by state and county.

During the month, more than 67% of producer milk was received from Wisconsin,

with nearly 27% received from Minnesota. The remaining milk, about 6%, was primarily received from Illinois and North and South Dakota. In addition, a small quantity of milk was pooled on the order from each of the states of California, Iowa and Michigan.

The top five counties from which producer milk was

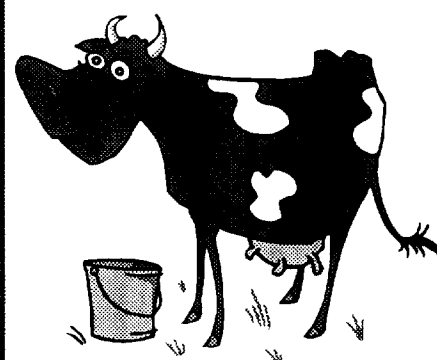
received in January 2000, in declining order of quantity delivered, were: Stearns, Minnesota; Clark, Wisconsin; Dane, Wisconsin; Marathon, Wisconsin; and Manitowoc, Wisconsin.

The combined receipts from the top five counties accounted for nearly 16% of total producer milk for the month.

### Extension of Time

The U.S. Department of Agriculture held a public hearing May 8-12, 2000 to consider proposals to amend the Class III and Class IV price formulas for Federal Orders.

The time to file proposed corrections to the hearing record has been extended to June 30, 2000, and the time to file briefs is extended to July 14, 2000.



# June is Dairy Month!

# Producer Milk by State and County -- January 2000

| County            | Number of Producers | Producer Milk<br>(1,000 Lbs.) | County            | Number of Producers | Producer Milk<br>(1,000 Lbs.) | County             | Number of Producers | Producer Milk<br>(1,000 Lbs.) |
|-------------------|---------------------|-------------------------------|-------------------|---------------------|-------------------------------|--------------------|---------------------|-------------------------------|
| <b>California</b> |                     |                               |                   |                     |                               |                    |                     |                               |
| Butte             | R                   | R                             | Tehama            | R                   | R                             | California Total " | 18                  | 8,451                         |
| Glenn             | 15                  | 7,954                         | Restricted        | 3                   | 497                           |                    |                     |                               |
| <b>Illinois</b>   |                     |                               |                   |                     |                               |                    |                     |                               |
| Boone             | 40                  | 4,734                         | Lake              | 4                   | 431                           | Whiteside          | 18                  | 1,439                         |
| Bureau            | R                   | R                             | Lee               | 4                   | 331                           | Will               | R                   | R                             |
| Carroll           | 21                  | 4,032                         | Mc Henry          | 72                  | 7,018                         | Winnebago          | 34                  | 3,342                         |
| De Kalb           | 10                  | 1,217                         | Ogle              | 17                  | 1,594                         | Restricted         | 5                   | 647                           |
| Jo Daviess        | 90                  | 9,640                         | Stark             | R                   | R                             | Illinois Total "   | 508                 | 57,720                        |
| Kane              | 26                  | 2,301                         | Stephenson        | 167                 | 20,993                        |                    |                     |                               |
| <b>Iowa</b>       |                     |                               |                   |                     |                               |                    |                     |                               |
| Allamakee         | 7                   | 407                           | Hancock           | R                   | R                             | Mitchell           | 3                   | 427                           |
| Clayton           | 3                   | 152                           | Howard            | 11                  | 563                           | Winnebago          | R                   | R                             |
| Clinton           | R                   | R                             | Iowa              | R                   | R                             | Winneshiek         | 87                  | 8,413                         |
| Delaware          | R                   | R                             | Jackson           | 16                  | 1,408                         | Worth              | R                   | R                             |
| Dubuque           | 18                  | 2,072                         | Jones             | R                   | R                             | Restricted         | 9                   | 587                           |
| Fayette           | 13                  | 1,064                         | Kossuth           | 3                   | 287                           | Iowa Total "       | 170                 | 15,379                        |
| <b>Michigan</b>   |                     |                               |                   |                     |                               |                    |                     |                               |
| Delta             | 10                  | 881                           | Menominee         | 36                  | 3,714                         | Michigan Total "   | 53                  | 6,011                         |
| Dickinson         | 5                   | 540                           | Tuscola           | R                   | R                             |                    |                     |                               |
| Marquette         | R                   | R                             | Restricted        | 2                   | 876                           |                    |                     |                               |
| <b>Minnesota</b>  |                     |                               |                   |                     |                               |                    |                     |                               |
| Aitkin            | 17                  | 1,001                         | Isanti            | 12                  | 1,931                         | Pope               | 102                 | 11,153                        |
| Anoka             | R                   | R                             | Itasca            | 8                   | 502                           | Ramsey             | R                   | R                             |
| Becker            | 115                 | 10,791                        | Kanabec           | 47                  | 3,940                         | Red Lake           | 22                  | 2,202                         |
| Beltrami          | 36                  | 3,530                         | Kandiyohi         | 122                 | 11,171                        | Redwood            | 11                  | 1,400                         |
| Benton            | 189                 | 21,280                        | Kittson           | 5                   | 2,747                         | Renville           | 32                  | 3,531                         |
| Big Stone         | 10                  | 728                           | Koochiching       | 4                   | 372                           | Rice               | 116                 | 12,610                        |
| Blue Earth        | 13                  | 787                           | Lac qui Parle     | 7                   | 571                           | Roseau             | 36                  | 3,827                         |
| Brown             | 97                  | 9,786                         | Lake of the Woods | 3                   | 118                           | St. Louis          | 22                  | 1,580                         |
| Carlton           | 29                  | 2,383                         | Le Sueur          | 32                  | 2,948                         | Scott              | 85                  | 10,982                        |
| Carver            | 150                 | 17,434                        | Lincoln           | 13                  | 1,192                         | Sherburne          | 27                  | 3,131                         |
| Cass              | 21                  | 2,228                         | Lyon              | 17                  | 1,746                         | Sibley             | 81                  | 8,668                         |
| Chippewa          | 9                   | 1,065                         | Mc Leod           | 139                 | 12,180                        | Stearns            | 977                 | 101,101                       |
| Chisago           | 46                  | 3,787                         | Mahnomen          | 31                  | 3,951                         | Steele             | 67                  | 5,750                         |
| Clay              | 32                  | 3,435                         | Marshall          | 15                  | 793                           | Stevens            | 9                   | 737                           |
| Clearwater        | 16                  | 1,196                         | Martin            | 3                   | 426                           | Swift              | 32                  | 3,126                         |
| Cottonwood        | 4                   | 718                           | Meeker            | 92                  | 13,217                        | Todd               | 341                 | 28,142                        |
| Crow Wing         | 34                  | 2,605                         | Mille Lacs        | 92                  | 6,823                         | Traverse           | R                   | R                             |
| Dakota            | 52                  | 6,776                         | Morrison          | 429                 | 39,984                        | Wabasha            | 231                 | 31,782                        |
| Dodge             | 54                  | 9,216                         | Mower             | 32                  | 2,930                         | Wadena             | 98                  | 8,884                         |
| Douglas           | 175                 | 14,461                        | Murray            | R                   | R                             | Waseca             | 34                  | 4,812                         |
| Faribault         | 13                  | 2,416                         | Nicollet          | 53                  | 6,291                         | Washington         | 29                  | 2,026                         |
| Fillmore          | 139                 | 18,470                        | Norman            | 19                  | 3,484                         | Watsonwan          | 7                   | 851                           |
| Freeborn          | 24                  | 1,975                         | Olmsted           | 97                  | 11,782                        | Wilkin             | 9                   | 760                           |
| Goodhue           | 242                 | 33,581                        | Otter Tail        | 424                 | 40,753                        | Winona             | 253                 | 40,541                        |
| Grant             | 23                  | 1,949                         | Pennington        | 16                  | 2,713                         | Wright             | 178                 | 21,828                        |
| Hennepin          | 39                  | 3,925                         | Pine              | 103                 | 9,247                         | Yellow Medicine    | 15                  | 4,299                         |
| Houston           | 77                  | 8,345                         | Pipestone         | 16                  | 2,541                         | Restricted         | 5                   | 507                           |
| Hubbard           | 10                  | 1,040                         | Polk              | 41                  | 3,948                         | Minnesota Total "  | 6,357               | 687,442                       |



| County              | Number of Producers | Producer Milk (1,000 Lbs.) | County     | Number of Producers | Producer Milk (1,000 Lbs.) | County                                  | Number of Producers | Producer Milk (1,000 Lbs.) |
|---------------------|---------------------|----------------------------|------------|---------------------|----------------------------|---|---------------------|----------------------------|
| <b>North Dakota</b> |                     |                            |            |                     |                            |   |                     |                            |
| Adams               | R                   | R                          | Griggs     | 4                   | 202                        | Ransom                                  | 3                   | 1,086                      |
| Barnes              | 11                  | 734                        | Kidder     | 10                  | 1,017                      | Richland                                | 7                   | 874                        |
| Benson              | R                   | R                          | La Moure   | 21                  | 2,162                      | Sargent                                 | 3                   | 2,437                      |
| Bowman              | R                   | R                          | Logan      | 10                  | 1,084                      | Sheridan                                | R                   | R                          |
| Burleigh            | 5                   | 616                        | Mc Henry   | 5                   | 236                        | Stark                                   | 20                  | 1,429                      |
| Cass                | 5                   | 689                        | Mc Intosh  | 23                  | 2,892                      | Stutsman                                | 23                  | 2,911                      |
| Dickey              | 10                  | 925                        | Mc Lean    | 5                   | 254                        | Traill                                  | R                   | R                          |
| Dunn                | 6                   | 401                        | Mercer     | R                   | R                          | Walsh                                   | R                   | R                          |
| Eddy                | R                   | R                          | Morton     | 32                  | 2,950                      | Ward                                    | 3                   | 202                        |
| Emmons              | 36                  | 3,124                      | Nelson     | 3                   | 961                        | Wells                                   | 3                   | 171                        |
| Foster              | R                   | R                          | Oliver     | 8                   | 1,279                      | Williams                                | R                   | R                          |
| Grand Forks         | 5                   | 283                        | Pierce     | 8                   | 370                        | Restricted                              | 17                  | 1,491                      |
| Grant               | 3                   | 238                        | Ramsey     | R                   | R                          | <b>North Dakota Total <sup>1/</sup></b> | <b>289</b>          | <b>31,021</b>              |
| <b>South Dakota</b> |                     |                            |            |                     |                            |   |                     |                            |
| Aurora              | R                   | R                          | Deuel      | 13                  | 1,969                      | Kingsbury                               | 10                  | 967                        |
| Beadle              | 16                  | 2,164                      | Dewey      | R                   | R                          | Mc Pherson                              | 16                  | 1,411                      |
| Brookings           | 24                  | 4,803                      | Douglas    | 4                   | 541                        | Marshall                                | R                   | R                          |
| Brown               | 12                  | 1,565                      | Edmunds    | 16                  | 2,856                      | Miner                                   | 3                   | 310                        |
| Butte               | R                   | R                          | Faulk      | 9                   | 1,815                      | Moody                                   | R                   | R                          |
| Campbell            | 9                   | 1,054                      | Grant      | 5                   | 371                        | Potter                                  | 5                   | 556                        |
| Charles Mix         | R                   | R                          | Hamlin     | 27                  | 2,875                      | Roberts                                 | 14                  | 1,229                      |
| Clark               | 3                   | 224                        | Hand       | 8                   | 756                        | Sanborn                                 | 3                   | 2,374                      |
| Codington           | 33                  | 4,747                      | Hanson     | 4                   | 343                        | Spink                                   | 3                   | 522                        |
| Corson              | 3                   | 216                        | Hutchinson | 5                   | 455                        | Walworth                                | 4                   | 412                        |
| Davison             | 5                   | 254                        | Hyde       | R                   | R                          | Restricted                              | 9                   | 759                        |
| Day                 | 12                  | 2,411                      | Jerauld    | R                   | R                          | <b>South Dakota Total <sup>1/</sup></b> | <b>275</b>          | <b>37,959</b>              |
| <b>Wisconsin</b>    |                     |                            |            |                     |                            |   |                     |                            |
| Adams               | 25                  | 1,953                      | Iowa       | 226                 | 23,590                     | Portage                                 | 196                 | 18,212                     |
| Ashland             | 25                  | 3,089                      | Iron       | 5                   | 260                        | Price                                   | 62                  | 4,198                      |
| Barron              | 510                 | 40,000                     | Jackson    | 212                 | 18,442                     | Racine                                  | 61                  | 6,318                      |
| Bayfield            | 41                  | 3,396                      | Jefferson  | 218                 | 22,561                     | Richland                                | 203                 | 19,901                     |
| Brown               | 309                 | 57,822                     | Juneau     | 141                 | 12,889                     | Rock                                    | 176                 | 19,654                     |
| Buffalo             | 281                 | 31,480                     | Kenosha    | 50                  | 5,428                      | Rusk                                    | 224                 | 16,121                     |
| Burnett             | 62                  | 4,859                      | Kewaunee   | 241                 | 36,178                     | St. Croix                               | 310                 | 40,732                     |
| Calumet             | 280                 | 35,772                     | La Crosse  | 161                 | 16,264                     | Sauk                                    | 343                 | 39,271                     |
| Chippewa            | 636                 | 52,915                     | Lafayette  | 250                 | 29,585                     | Sawyer                                  | 35                  | 3,807                      |
| Clark               | 866                 | 84,095                     | Langlade   | 90                  | 10,795                     | Shawano                                 | 458                 | 49,235                     |
| Columbia            | 210                 | 22,405                     | Lincoln    | 92                  | 10,056                     | Sheboygan                               | 257                 | 40,404                     |
| Crawford            | 135                 | 8,399                      | Manitowoc  | 383                 | 67,223                     | Taylor                                  | 310                 | 22,224                     |
| Dane                | 521                 | 80,210                     | Marathon   | 720                 | 77,625                     | Trempealeau                             | 343                 | 34,558                     |
| Dodge               | 596                 | 64,075                     | Marinette  | 133                 | 15,772                     | Vernon                                  | 353                 | 27,330                     |
| Door                | 125                 | 12,967                     | Marquette  | 60                  | 7,915                      | Walworth                                | 159                 | 21,340                     |
| Douglas             | 17                  | 1,003                      | Milwaukee  | R                   | R                          | Washburn                                | 47                  | 3,805                      |
| Dunn                | 384                 | 34,491                     | Monroe     | 383                 | 35,307                     | Washington                              | 200                 | 23,825                     |
| Eau Claire          | 168                 | 14,387                     | Oconto     | 266                 | 30,404                     | Waukesha                                | 66                  | 7,272                      |
| Florence            | 10                  | 762                        | Oneida     | R                   | R                          | Waupaca                                 | 267                 | 34,715                     |
| Fond du Lac         | 519                 | 65,338                     | Outagamie  | 372                 | 55,293                     | Waushara                                | 87                  | 9,086                      |
| Forest              | 6                   | 332                        | Ozaukee    | 95                  | 13,611                     | Winnebago                               | 195                 | 23,459                     |
| Grant               | 206                 | 19,210                     | Pepin      | 135                 | 14,707                     | Wood                                    | 311                 | 29,390                     |
| Green               | 307                 | 33,264                     | Pierce     | 306                 | 27,963                     | Restricted                              | 6                   | 389                        |
| Green Lake          | 110                 | 12,135                     | Polk       | 285                 | 25,614                     | <b>Wisconsin Total <sup>1/</sup></b>    | <b>15,842</b>       | <b>1,737,085</b>           |

R Restricted data.

1/ Producer milk may not add due to rounding.

2/ Revised. Includes milk and producers historically pooled, but was not because of price relationships or for qualifications reasons.

**Market Total <sup>1/ 2/</sup> 23,512 2,581,069**

# Computation of Producer Price Differential - May 2000

|   | Utilization<br>Percentage | Product<br>Pounds    | Component<br>Pounds | Rate          | Value                   |
|---|---------------------------|----------------------|---------------------|---------------|-------------------------|
| <b>Class I</b> Differential Value                                 |                           |                      |                     |               | \$6,081,173.32          |
| Product   | 16.8%                     | 350,752,924          |                     |               |                         |
| Skim Milk   |                           |                      | 345,205,882         | \$ 7.7000     | 26,580,852.90           |
| Butterfat   |                           |                      | 5,547,042           | 1.1559        | 6,411,825.88            |
| <b>Class II</b> Product   | 4.1%                      | 85,385,680           |                     |               |                         |
| Nonfat Solids   |                           |                      | 6,969,854           | 0.9333        | 6,504,964.74            |
| Butterfat   |                           |                      | 8,113,051           | 1.2924        | 10,485,307.15           |
| <b>Class III</b> Product  | 78.6%                     | 1,638,683,965        |                     |               |                         |
| Protein   |                           |                      | 48,520,611          | 1.5514        | 75,274,875.92           |
| Other Solids  |                           |                      | 94,220,640          | 0.0403        | 3,797,091.77            |
| Butterfat   |                           |                      | 58,465,276          | 1.2854        | 75,151,265.81           |
| <b>Class IV</b> Product   | 0.5%                      | 10,114,227           |                     |               |                         |
| Nonfat Solids   |                           |                      | 512,365             | 0.8530        | 437,047.36              |
| Butterfat   |                           |                      | 4,426,707           | 1.2854        | 5,690,089.18            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                      |                     |               | 198,772.01              |
| <b>Total Producer Milk *</b>                                      |                           | <b>2,084,936,796</b> |                     |               | <b>\$216,613,266.04</b> |
| Add:  |                           |                      |                     |               |                         |
| Overage   |                           |                      |                     |               | 91,450.71               |
| Inventory Reclassified  |                           |                      |                     |               | (147,260.60)            |
| Other Source Milk \$.60(h)  |                           |                      |                     |               | 0.00                    |
| Other Source Milk \$.60(i)  |                           |                      |                     |               | 0.00                    |
| Subtract:   |                           |                      |                     |               |                         |
| Transportation Credit   |                           |                      |                     |               | 184,943.12              |
| Assembly Credit   |                           |                      |                     |               | 277,092.20              |
| Credit for Reconstituted FMP                                      |                           |                      |                     |               | 0.00                    |
| Producer Milk Protein   |                           |                      |                     |               | 95,577,627.30           |
| Producer Milk Other Solids  |                           |                      |                     |               | 4,823,211.28            |
| Producer Milk Butterfat   |                           |                      |                     |               | 98,400,038.54           |
| Producer Milk SCC Adjustment                                      |                           |                      |                     |               | 264,354.01              |
| <b>Total Milk and Value</b>                                       |                           | <b>2,084,936,796</b> |                     |               | <b>\$17,030,189.70</b>  |
| Add:  |                           |                      |                     |               |                         |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                      |                     |               | 1,627,538.84            |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                      |                     |               | 1,026,879.80            |
| <b>Total Value</b>  |                           |                      |                     | 0.944135      | <b>\$19,684,608.34</b>  |
| Subtract:   |                           |                      |                     |               |                         |
| Producer Settlement Fund Reserve                                  |                           |                      |                     | 0.044135      | 920,177.18              |
| <b>Producer Price Differential (Dollars Per Cwt.--Base Zone)</b>  |                           |                      |                     | <b>\$0.90</b> | <b>\$18,764,431.16</b>  |

\* An estimated 50 million pounds of milk was not pooled.

## Upper Midwest Pool Statistics - May 2000

| Market Class I<br>Differential<br>Rate | Producer Milk  |                            |   |               |  |                                     |             |
|--|----------------|----------------------------|---|---------------|--|-------------------------------------|-------------|
|  | Pool<br>Plants | Received at<br>Pool Plants | Diverted to<br>Pool and<br>Nonpool Plants |               | Location<br>Adjustment to<br>Producers | Class I Differential<br>to Handlers |             |
|  |                |                            | Pounds                                    | Pounds        |  | Pounds                              | Pounds      |
| Cwt.                                   | Number         | Pounds                     | Pounds                                    | Pounds        | Value                                  | Pounds                              | Value       |
| \$1.80                                 | 5              | 48,772,218                 | 6,811,513                                 | 55,583,731    | \$ 0                                   | 48,566,972                          | \$ 874,205  |
| \$1.75                                 | 44             | 319,425,613                | 582,741,053                               | 902,166,666   | 451,083                                | 160,910,205                         | 2,815,929   |
| \$1.70                                 | 45             | 191,166,332                | 839,331,427                               | 1,030,497,759 | 1,030,498                              | 119,978,680                         | 2,039,637   |
| \$1.65                                 | 8              | 29,495,239                 | 63,850,419                                | 93,345,658    | 140,019                                | 21,297,067                          | 351,402     |
| Restricted                             | 0              | 0                          | 3,342,982                                 | 3,342,982     | 5,939                                  | 0                                   | 0           |
| Total                                  | 102            | 588,859,402                | 1,496,077,394                             | 2,084,936,796 | \$1,627,539                            | 350,752,924                         | \$6,081,173 |

# Utilization and Classification

|   | May 2000             |                   | April 2000           |
|---|----------------------|-------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |
| Packaged Disposition                      |                      |                   |                      |
| Milk                                      | 53,495,980           | 1,730,478         | 50,636,073           |
| Flavored Milk                             | 7,605,583            | 190,961           | 7,384,617            |
| Reduced Fat Milk                          | 133,235,296          | 2,607,965         | 127,924,548          |
| Lowfat Milk                               | 44,473,313           | 443,419           | 42,284,073           |
| Fat Free Milk                             | 85,350,744           | 92,458            | 81,645,112           |
| Flavored Reduced and Fat Free Milk        | 23,638,207           | 254,958           | 20,233,261           |
| Buttermilk                                | 2,556,104            | 27,029            | 2,285,857            |
| Total Packaged Disposition                | 350,355,227          | 5,347,268         | 332,393,541          |
| Total Ending Inventory                    | 25,868,525           | 418,716           | 28,846,225           |
| Bulk to Nonpool Plants                    | 3,111,110            | 36,828            | 1,343,195            |
| Shrinkage                                 | 5,033,949            | 297,323           | 1,407,366            |
| Total Class I Utilization                 | 384,368,811          | 6,100,135         | 363,990,327          |
| Other Order Plants                        | (4,029,022)          | (85,763)          | (3,166,930)          |
| Beginning Inventory                       | (28,901,056)         | (456,731)         | (34,733,027)         |
| Reused Products                           | 0                    | 0                 | --                   |
| Other Source Milk                         | (327,262)            | (3,581)           | (273,172)            |
| Overage                                   | --                   | --                | --                   |
| Interhandler Adjustment                   | (358,547)            | (7,018)           | (226,442)            |
| <b>Class I Producer Milk</b>              | <b>350,752,924</b>   | <b>5,547,042</b>  | <b>325,590,756</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |
| Total Class II Utilization                | 100,205,365          | 9,172,107         | 89,815,791           |
| Other Order Plants                        | (1,613,758)          | (44,446)          | --                   |
| Beginning Inventory                       | (2,664,973)          | (206,753)         | (272,243)            |
| Reused Products                           | (8,873,640)          | (1,631)           | (8,663,897)          |
| Other Source Milk                         | (1,331,028)          | (805,968)         | (959,782)            |
| Overage                                   | (336,286)            | (258)             | --                   |
| <b>Class II Producer Milk</b>             | <b>85,385,680</b>    | <b>8,113,051</b>  | <b>79,919,869</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |
| Total Class III Utilization               | 1,674,403,839        | 59,723,907        | 1,656,214,160        |
| Other Order Plants                        | (7,505,302)          | (260,545)         | (7,732,604)          |
| Beginning Inventory                       | (9,176,249)          | (242,896)         | (5,439,789)          |
| Reused Products                           | 0                    | 0                 | --                   |
| Other Source Milk                         | (18,985,310)         | (738,440)         | (9,217,913)          |
| Overage                                   | (53,013)             | (16,750)          | (42,569)             |
| <b>Class III Producer Milk</b>            | <b>1,638,683,965</b> | <b>58,465,276</b> | <b>1,633,781,285</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |
| Total Class IV Utilization                | 39,854,650           | 5,996,524         | 52,255,781           |
| Other Order Plants                        | (2,025,181)          | (106,615)         | (2,972,037)          |
| Beginning Inventory                       | (20,036,470)         | (991,026)         | (9,734,466)          |
| Reused Products                           | 0                    | 0                 | --                   |
| Other Source Milk                         | (7,506,523)          | (460,228)         | (9,726,631)          |
| Overage                                   | (172,249)            | (11,948)          | (337,864)            |
| <b>Class IV Producer Milk</b>             | <b>10,114,227</b>    | <b>4,426,707</b>  | <b>29,484,783</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>2,084,936,796</b> | <b>76,552,076</b> | <b>2,068,776,693</b> |

-- Restricted Information

## Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |         |         |        |        |          | Weighted Two-Week Average NASS Prices * |         |         |        |        |          |
|------------|--|---------|---------|--------|--------|----------|---|---------|---------|--------|--------|----------|
|            | Blocks                                 | Barrels | Average | Butter | NFDM   | Dry Whey | Blocks                                  | Barrels | Average | Butter | NFDM   | Dry Whey |
|            | <i>Dollars per Pound</i>               |         |         |        |        |          | <i>Dollars per Pound</i>                |         |         |        |        |          |
| May 1999   | 1.2661                                 | 1.2123  | 1.2499  | 1.0781 | 1.0069 | 0.1739   | 1.2895                                  | 1.2222  | 1.2639  | 0.9960 | 1.0055 | 0.1748   |
| Jun        | 1.2747                                 | 1.2502  | 1.2786  | 1.4609 | 1.0046 | 0.1711   | 1.2391                                  | 1.2134  | 1.2422  | 1.4352 | 1.0067 | 0.1717   |
| Jul        | 1.4702                                 | 1.4232  | 1.4583  | 1.3793 | 1.0054 | 0.1724   | 1.4673                                  | 1.4199  | 1.4548  | 1.3705 | 1.0058 | 0.1724   |
| Aug        | 1.7213                                 | 1.6822  | 1.7154  | 1.3683 | 1.0089 | 0.1810   | 1.6900                                  | 1.6522  | 1.6849  | 1.4208 | 1.0087 | 0.1773   |
| Sep        | 1.8023                                 | 1.6286  | 1.7084  | 1.3252 | 1.0174 | 0.1892   | 1.8770                                  | 1.7310  | 1.8008  | 1.3324 | 1.0155 | 0.1872   |
| Oct        | 1.4388                                 | 1.3415  | 1.3934  | 1.1273 | 1.0183 | 0.1944   | 1.4851                                  | 1.3841  | 1.4359  | 1.1439 | 1.0188 | 0.1920   |
| Nov        | 1.2143                                 | 1.1713  | 1.2058  | 1.0637 | 1.0168 | 0.1917   | 1.2583                                  | 1.2188  | 1.2521  | 1.0695 | 1.0184 | 0.1901   |
| Dec        | 1.1319                                 | 1.1096  | 1.1371  | 0.9179 | 1.0111 | 0.1892   | 1.1191                                  | 1.1008  | 1.1268  | 0.9220 | 1.0125 | 0.1870   |
| Jan 2000   | 1.1417                                 | 1.1279  | 1.1517  | 0.8820 | 1.0115 | 0.1857   | 1.1652                                  | 1.1416  | 1.1696  | 0.8768 | 1.0114 | 0.1859   |
| Feb        | 1.1028                                 | 1.0793  | 1.1067  | 0.9002 | 1.0106 | 0.1788   | 1.1054                                  | 1.0804  | 1.1084  | 0.9105 | 1.0104 | 0.1800   |
| Mar        | 1.0993                                 | 1.0854  | 1.1093  | 0.9497 | 1.0094 | 0.1780   | 1.0953                                  | 1.0841  | 1.1073  | 0.9331 | 1.0098 | 0.1771   |
| Apr        | 1.0979                                 | 1.0733  | 1.1011  | 1.0449 | 1.0078 | 0.1765   | 1.0985                                  | 1.0770  | 1.1035  | 1.0618 | 1.0096 | 0.1774   |
| May        | 1.0892                                 | 1.0793  | 1.1022  | 1.1680 | 1.0071 | 0.1760   | 1.0911                                  | 1.0768  | 1.1011  | 1.1140 | 1.0100 | 0.1755   |

| Month/Year | Chicago Mercantile Exchange |              |               |         |         |         |          |  |
|------------|-----------------------------|--------------|---------------|---------|---------|---------|----------|--|
|            | Butter Prices               |              | Cheese Prices |         | NFDM    |         | Dry Whey |  |
|            | Grade AA **                 | 40 lb. Block | Barrel        | Central | Western | Central | Western  |  |
|            | <i>Dollars per Pound</i>    |              |               |         |         |         |          |  |
| May 1999   | 1.1289                      | 1.2389       | 1.2059        | 1.0228  | 1.0000  | 0.1638  | 0.1750   |  |
| Jun        | 1.4931                      | 1.3974       | 1.3572        | 1.0139  | 0.9998  | 0.1737  | 0.1709   |  |
| Jul        | 1.3444                      | 1.6307       | 1.5618        | 1.0172  | 1.0012  | 0.1809  | 0.1780   |  |
| Aug        | 1.3963                      | 1.8943       | 1.7865        | 1.0384  | 1.0124  | 0.1972  | 0.1835   |  |
| Sep        | 1.3393                      | 1.6183       | 1.4996        | 1.0486  | 1.0183  | 0.2079  | 0.1902   |  |
| Oct        | 1.1248                      | 1.3031       | 1.2656        | 1.0451  | 1.0175  | 0.1938  | 0.1994   |  |
| Nov        | 1.0725                      | 1.1435       | 1.1251        | 1.0343  | 1.0109  | 0.1834  | 0.2041   |  |
| Dec        | 0.9163                      | 1.1545       | 1.1475        | 1.0168  | 1.0039  | 0.1865  | 0.2004   |  |
| Jan 2000   | 0.9090                      | 1.1285       | 1.1101        | 1.0090  | 1.0038  | 0.1811  | 0.1911   |  |
| Feb        | 0.9245                      | 1.1090       | 1.0910        | 1.0025  | 1.0024  | 0.1751  | 0.1799   |  |
| Mar        | 1.0200                      | 1.1139       | 1.0936        | 1.0009  | 1.0000  | 0.1772  | 0.1780   |  |
| Apr        | 1.0691                      | 1.1032       | 1.0822        | 1.0000  | 1.0006  | 0.1725  | 0.1763   |  |
| May        | 1.2450                      | 1.0950       | 1.0860        | 1.0008  | 1.0022  | 0.1755  | 0.1758   |  |

## Market Statistics

| Month/Year | Distributing<br>Plants | Supply<br>Plants | Coop. 9(c)<br>Handlers | Producers | Total<br>Producer<br>Milk | Average Daily<br>Delivery | Butterfat<br>Test | Protein<br>Test | Other<br>Solids<br>Test | Weighted<br>Average<br>SCC |
|------------|------------------------|------------------|------------------------|-----------|---------------------------|---------------------------|-------------------|-----------------|-------------------------|----------------------------|
|            |                        |                  |                        |           | <i>Mil. lbs.</i>          | <i>Pounds</i>             | <i>Percent</i>    | <i>Percent</i>  | <i>Percent</i>          | <i>(000)</i>               |
| Jan 2000   | 29                     | 84               | 12                     | 22,923    | 2,433                     | 3,486                     | 3.81              | 3.05            | 5.66                    | 308                        |
| Feb        | 28                     | 79               | 11                     | 22,874    | 2,269                     | 3,491                     | 3.78              | 3.02            | 5.68                    | 316                        |
| Mar        | 28                     | 76               | 11                     | 21,808    | 2,261                     | 3,389                     | 3.76              | 3.00            | 5.72                    | 329                        |
| Apr        | 29                     | 75               | 11                     | 20,499    | 2,069                     | 3,415                     | 3.76              | 3.00            | 5.72                    | 321                        |
| May        | 29                     | 73               | 11                     | 20,091    | 2,085                     | 3,402                     | 3.67              | 2.96            | 5.74                    | 327                        |
| Jun        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Jul        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Aug        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Sep        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Oct        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Nov        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Dec        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Jan 2001   |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |

\* NASS = National Agricultural Statistics Service, USDA. \*\* Prices prior to January 2000 are FMMA reported prices.

## Class Prices \*

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |               |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| May 1999   | 1.0844              | 8.16        | 11.67       | 1.1024                           | 9.96        | 13.47       | 1.1827         | 0.9289        | 8.36        | 12.21       |
| Jun        | 1.0756              | 7.66        | 11.16       | 1.0936                           | 9.46        | 12.96       | 1.6496         | 0.9289        | 8.36        | 13.84       |
| Jul        | 1.6112              | 7.67        | 13.04       | 1.6292                           | 9.47        | 14.84       | 1.5500         | 0.9300        | 8.37        | 13.50       |
| Aug        | 1.5323              | 7.79        | 12.88       | 1.5503                           | 9.59        | 14.68       | 1.5366         | 0.9300        | 8.37        | 13.46       |
| Sep        | 1.5937              | 10.03       | 15.26       | 1.6117                           | 11.83       | 17.06       | 1.4841         | 0.9322        | 8.39        | 13.29       |
| Oct        | 1.4859              | 11.75       | 16.54       | 1.5039                           | 13.55       | 18.34       | 1.2427         | 0.9389        | 8.45        | 12.50       |
| Nov        | 1.2560              | 8.81        | 12.90       | 1.2740                           | 10.61       | 14.70       | 1.1652         | 0.9422        | 8.48        | 12.26       |
| Dec        | 1.1652              | 7.78        | 11.59       | 1.1832                           | 9.58        | 13.39       | 0.9874         | 0.9422        | 8.48        | 11.64       |
| Jan 2000   | 0.9854              | 7.72        | 10.90       | 1.0034                           | 9.52        | 12.70       | 0.9436         | 0.9356        | 8.42        | 11.43       |
| Feb        | 0.9302              | 7.72        | 10.71       | 0.9482                           | 9.52        | 12.51       | 0.9658         | 0.9356        | 8.42        | 11.51       |
| Mar        | 0.9713              | 7.71        | 10.84       | 0.9893                           | 9.51        | 12.64       | 1.0261         | 0.9344        | 8.41        | 11.71       |
| Apr        | 0.9989              | 7.70        | 10.93       | 1.0169                           | 9.50        | 12.73       | 1.1422         | 0.9333        | 8.40        | 12.10       |
| May        | 1.1559              | 7.70        | 11.48       | 1.1739                           | 9.50        | 13.28       | 1.2924         | 0.9333        | 8.40        | 12.63       |
| Jun        | 1.2195              | 7.70        | 11.70       | 1.2375                           | 9.50        | 13.50       |                | 0.9333        | 8.40        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| May 1999   | 1.1757          | 2.1984     | 0.0381       | 7.04        | 10.91       | 1.1757         | 0.8528        | 7.68        | 11.53       |
| Jun        | 1.6426          | 1.6992     | 0.0352       | 5.48        | 11.04       | 1.6426         | 0.8506        | 7.66        | 13.14       |
| Jul        | 1.5430          | 2.4431     | 0.0366       | 7.79        | 12.92       | 1.5430         | 0.8514        | 7.66        | 12.79       |
| Aug        | 1.5296          | 3.3421     | 0.0455       | 10.63       | 15.61       | 1.5296         | 0.8548        | 7.69        | 12.77       |
| Sep        | 1.4771          | 3.3853     | 0.0539       | 10.81       | 15.60       | 1.4771         | 0.8631        | 7.77        | 12.67       |
| Oct        | 1.2357          | 2.6138     | 0.0593       | 8.45        | 12.48       | 1.2357         | 0.8640        | 7.78        | 11.83       |
| Nov        | 1.1582          | 2.0696     | 0.0565       | 6.75        | 10.57       | 1.1582         | 0.8625        | 7.76        | 11.54       |
| Dec        | 0.9804          | 2.0615     | 0.0539       | 6.71        | 9.91        | 0.9804         | 0.8570        | 7.71        | 10.87       |
| Jan 2000   | 0.9366          | 2.1677     | 0.0503       | 7.02        | 10.05       | 0.9366         | 0.8574        | 7.72        | 10.73       |
| Feb        | 0.9588          | 1.9849     | 0.0432       | 6.41        | 9.54        | 0.9588         | 0.8565        | 7.71        | 10.80       |
| Mar        | 1.0191          | 1.9166     | 0.0424       | 6.19        | 9.54        | 1.0191         | 0.8553        | 7.70        | 11.00       |
| Apr        | 1.1352          | 1.7399     | 0.0408       | 5.63        | 9.41        | 1.1352         | 0.8537        | 7.68        | 11.38       |
| May        | 1.2854          | 1.5514     | 0.0403       | 5.05        | 9.37        | 1.2854         | 0.8530        | 7.68        | 11.91       |

## Producer Prices

| Month/Year | Producer Price Differential | Statistical Uniform Price (at 3.50%) | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|-----------------------------|--------------------------------------|-----------------|---------------|--------------------|---------------------|----------------------------------|
|            | <i>cwt.</i>                 | <i>cwt.</i>                          | <i>lb.</i>      | <i>lb.</i>    | <i>lb.</i>         | <i>cwt.</i>         | <i>cwt.</i>                      |
|            | Jan 2000                    | \$0.43                               | \$10.48         | \$0.9366      | \$2.1677           | \$0.0503            | \$0.00058                        |
| Feb        | 0.56                        | 10.10                                | 0.9588          | 1.9849        | 0.0432             | 0.00055             |                                  |
| Mar        | 0.64                        | 10.18                                | 1.0191          | 1.9166        | 0.0424             | 0.00055             |                                  |
| Apr        | 0.74                        | 10.15                                | 1.1352          | 1.7399        | 0.0408             | 0.00055             |                                  |
| May        | 0.90                        | 10.27                                | 1.2854          | 1.5514        | 0.0403             | 0.00055             |                                  |
| Jun        |                             |                                      |                 |               |                    |                     |                                  |
| Jul        |                             |                                      |                 |               |                    |                     |                                  |
| Aug        |                             |                                      |                 |               |                    |                     |                                  |
| Sep        |                             |                                      |                 |               |                    |                     |                                  |
| Oct        |                             |                                      |                 |               |                    |                     |                                  |
| Nov        |                             |                                      |                 |               |                    |                     |                                  |
| Dec        |                             |                                      |                 |               |                    |                     |                                  |
| Jan 2001   |                             |                                      |                 |               |                    |                     |                                  |

\* Prices prior to January 2000 are estimated.

# Summary of Federal Order Data - May 2000

| Federal Order Number / Name | Producer Deliveries    | Class I Producer Receipts | Class I Utilization | Class I Price | Producer Price Differential | Statistical Uniform Price at 3.50% |
|-----------------------------|------------------------|---------------------------|---------------------|---------------|-----------------------------|------------------------------------|
|                             | <i>Thousand Pounds</i> |                           | <i>Percent</i>      |               | <i>Dollars per Cwt.</i>     |                                    |
| 1 Northeast                 | 2,117,340              | 868,007                   | 41.0                | 14.73         | 3.53                        | 12.90                              |
| 5 Appalachian               | 582,989                | 363,035                   | 62.3                | 14.58         | n/a                         | 13.68                              |
| 6 Florida                   | 254,692                | 214,790                   | 84.3                | 15.48         | n/a                         | 15.13                              |
| 7 Southeast                 | 662,935                | 406,533                   | 61.3                | 14.58         | n/a                         | 13.40                              |
| 30 Upper Midwest            | 2,084,937              | 350,753                   | 16.8                | 13.28         | 0.90                        | 10.27                              |
| 32 Central                  | 1,427,868              | 392,482                   | 27.5                | 13.48         | 1.59                        | 10.96                              |
| 33 Mideast                  | 1,133,688              | 556,333                   | 49.1                | 13.48         | 2.84                        | 12.21                              |
| 124 Pacific Northwest       | 494,184                | 179,693                   | 36.4                | 13.38         | 2.33                        | 11.70                              |
| 126 Southwest               | 737,857                | 327,688                   | 44.4                | 14.48         | 3.06                        | 12.43                              |
| 131 Arizona-Las Vegas       | 292,016                | 81,765                    | 28.0                | 13.83         | n/a                         | 11.79                              |
| 135 Western                 | 388,082                | 88,824                    | 22.3                | 13.38         | 1.47                        | 10.84                              |
| All Market Average or Total | 10,541,585             | 4,038,688                 | 38.3                |               |                             |                                    |

n/a = Not applicable.

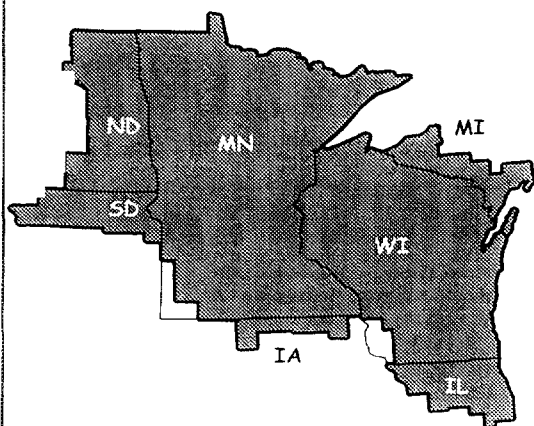
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 F.O. 30*



# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

Volume 1, Issue 4

Upper Midwest Marketing Area, Federal Order No. 30

May 2000

### Special points of interest:

- April Producer Price Differential -- \$0.74 / cwt.
- April Statistical Uniform Price -- \$10.15 / cwt.



### Inside this issue:

1999 Dairy Products ..... 2

United States Milk Production..... 3

Computation of Producer Price Differential ..... 4

Utilization and Classification..... 5

Commodity Prices and Market Statistics ..... 6

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## Producer Price Differential Increases

The producer price differential for the Upper Midwest Order for April 2000 is 74¢ per cwt., up 10¢ from March. The resulting statistical uniform price of \$10.15 per cwt. is down 3¢ from March. The decrease in the statistical uniform price resulted from a lower Class III price.

Producer milk in April 2000 totaled 2.1 billion pounds, down 5.4% on a daily basis from March. During the month, 20,499 producers delivered to the market with an average daily delivery of 3,415 pounds.

8.6% on a daily basis from March. The decrease resulted primarily from a drop in disposition of fluid milk products on routes and inventory variations. During the month, Class I usage accounted for 15.7% of producer milk.

Class I use in April totaled 326 million pounds, down

Market statistics for April are shown on Pages 4 and 5.

## Hearing Held on Class III and IV Pricing

The U.S. Department of Agriculture (USDA) held a public hearing on May 8-12, 2000 in Alexandria, Virginia to consider proposals to amend the Class III and Class IV price formulas for all Federal milk orders.

**Interested parties have until June 30 to file briefs.**

Interested parties have until June 30 to file briefs.

USDA must implement the revised pricing formulas resulting from the hearing and subsequent review by January 1, 2001.

### Background

The hearing was required by legislation enacted in the Consolidated Appropriations Act, 2000. Under the legislation, USDA must reconsider the Class III and IV price formulas included in the Final Rule for the consolidation and reform of Federal milk

orders. Federal order reform and consolidation was implemented on January 1, 2000.

The Final Rule replaced the old Basic Formula Price (BFP) with class prices that are based on multiple component pricing. Some in the dairy industry were concerned about the level of the Class III and Class IV prices in the Final Rule, and asked Congress to address the issue, which it did in the Consolidated Appropriations Act, 2000.

## New Area Code

The area code for the Minneapolis office has changed from 612 to 952. Either area code will work until January 14, 2001, but callers are encouraged to use

the new area code as soon as possible. The new area code will apply to the main office number (831-5292) as well as the Fax numbers and direct inward dial numbers.



## 1999 Annual Dairy Products Summary

**B**utter production in the United States during 1999 totaled 1.28 billion pounds, 9.2% above 1998. California accounted for 26.9% of butter production, followed by Wisconsin with 22.8% and Washington with 9.3%.

**Total cheese production** in 1999, excluding cottage cheeses, was 7.94 billion pounds, 6.0% above 1998 production. Wisconsin was the leading cheese-pro-

ducing state with 27.1% of the production.

**American type cheese** production was 3.58 billion pounds, 7.9% above 1998. American cheese accounted for 45.0% of total cheese production in 1999.

**Italian cheese varieties**, with 3.14 billion pounds, were 4.6% above 1998 production. Mozzarella accounted for

80.2% of the Italian production followed by Ricotta with 8.0% and Provolone with 7.1%. Wisconsin was the leading Italian cheese producing state, with 27.5% of the production.

**Nonfat dry milk** for human food, at 1.38 billion pounds, was up 21.4% from 1998. California was the leading state with 47%, followed by Washington with 13%.

### Annual Production and Number of Plants Manufacturing Selected Dairy Products in the United States, 1998 and 1999

| Product                                 | 1998             |                          | 1999             |                          | Change<br>1998-1999<br>Percent |
|---|------------------|--------------------------|------------------|--------------------------|--------------------------------|
|   | Plants<br>Number | Production<br>1,000 lbs. | Plants<br>Number | Production<br>1,000 lbs. |                                |
| Butter                                  | 86               | 1,167,983                | 83               | 1,275,042                | +9                             |
| <b>Cheese</b>                           |                  |                          |                  |                          |                                |
| American Types                          |                  |                          |                  |                          |                                |
| Cheddar                                 | 179              | 2,633,446                | 178              | 2,816,867                | +7                             |
| Other American <sup>1</sup>             | 122              | 681,206                  | 121              | 759,681                  | +12                            |
| Total American                          | 202              | 3,314,652                | 197              | 3,576,548                | +8                             |
| Swiss                                   | 42               | 206,408                  | 38               | 220,466                  | +7                             |
| Muenster                                | 39               | 94,615                   | 39               | 80,101                   | -15                            |
| Brick                                   | 22               | 7,578                    | 20               | 8,123                    | +7                             |
| Limburger                               | 1                | 865                      | 1                | 645                      | -25                            |
| Italian Varieties                       |                  |                          |                  |                          |                                |
| Mozzarella                              | 124              | 2,366,164                | 126              | 2,518,832                | +6                             |
| Other Italian                           | 96               | 638,551                  | 95               | 623,815                  | -2                             |
| Total Italian                           | 152              | 3,004,715                | 153              | 3,142,647                | +5                             |
| Cream & Neufchatel                      | 31               | 621,335                  | 32               | 646,928                  | +4                             |
| Hispanic                                | 25               | 75,993                   | 22               | 86,528                   | +14                            |
| All Other Types                         | 108              | 165,958                  | 118              | 182,046                  | +10                            |
| Total Cheese <sup>2</sup>               | 398              | 7,492,119                | 376              | 7,944,032                | +6                             |
| <b>Cottage Cheese</b>                   |                  |                          |                  |                          |                                |
| Curd <sup>3</sup>                       | 114              | 465,759                  | 103              | 465,469                  | +0                             |
| Creamed <sup>4</sup>                    | 107              | 366,761                  | 94               | 361,581                  | -3                             |
| Lowfat <sup>5</sup>                     | 102              | 361,246                  | 92               | 360,340                  | -0                             |
| <b>Dry Milk</b>                         |                  |                          |                  |                          |                                |
| Dry Whole Milk                          | 15               | 142,523                  | 17               | 117,991                  | -17                            |
| Nonfat Dry Milk, Human                  | 48               | 1,135,383                | 47               | 1,378,190                | +21                            |
| Dry Skim Milk, Animal                   | 29               | 4,330                    | 29               | 4,817                    | +11                            |
| Dry Buttermilk                          | 28               | 50,093                   | 23               | 53,835                   | +7                             |
| <b>Yogurt, Plain and Fruit Flavored</b> | 90               | 1,638,992                | 86               | 1,746,181                | +7                             |

<sup>1</sup> Includes Colby, Monterey, and Jack.   <sup>2</sup> Excluding cottage cheese.   <sup>3</sup> Mostly used for processing into creamed or lowfat cottage cheese.

<sup>4</sup> Fat content 4.0% or more.   <sup>5</sup> Fat content less than 4.0%, mostly 0.5% to 2.0%.

Source: "Dairy Products 1999 Summary", Da 2-1 (00), National Agricultural Statistics Service (NASS), USDA.



# Milk Production Continues to Increase

## April Milk Production Up 3.7%

Estimated United States milk production during April totaled 14.5 billion pounds, up 3.7% from April 1999.

U.S. production per cow is estimated at 1,570 pounds for April, 46 pounds, or 3.0%, above a year earlier.

The estimated number of cows on U.S. farms in April was 9.2 million head, 64,000 head more than April 1999 and 13,000 head more than March 2000.

For the top five milk producing states, production in April 2000, compared to April 1999, was up 6% in California, 3% in Pennsylvania, and nearly 1% in Minnesota, Wisconsin and New York.

## January-April Production Up 3.9%

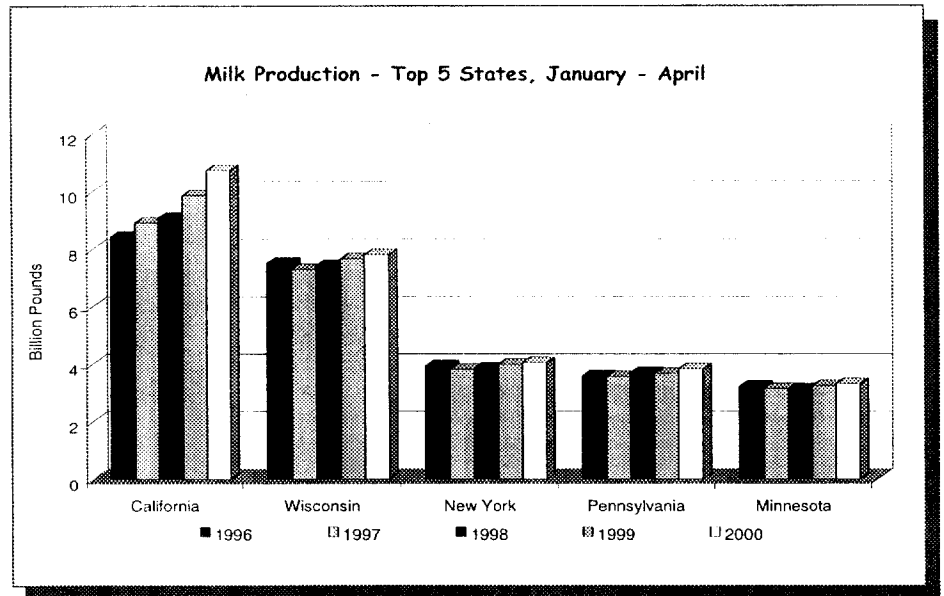
U.S. milk production for the first four months of 2000, estimated at 57 billion pounds, was up 3.9% from the same period in 1999, when adjusted for leap year. The increase resulted from a nearly 1% increase in the average number of milk cows and a 3% average increase in production per cow.

**Milk production for  
January through April 2000  
is up 1.2% in Minnesota and  
1.0% in Wisconsin.**

Milk Production--Top 5 States & U.S.  
January - April 2000

|               | Production | Change     |
|---------------|------------|------------|
|               | Mil. Lbs   | from 1999* |
|               |            | Percent    |
| California    | 10,740     | +7.8       |
| Wisconsin     | 7,815      | +1.0       |
| New York      | 4,048      | +0.6       |
| Pennsylvania  | 3,827      | +3.5       |
| Minnesota     | 3,307      | +1.2       |
| United States | 57,027     | +3.9       |

\* Adjusted for leap year.



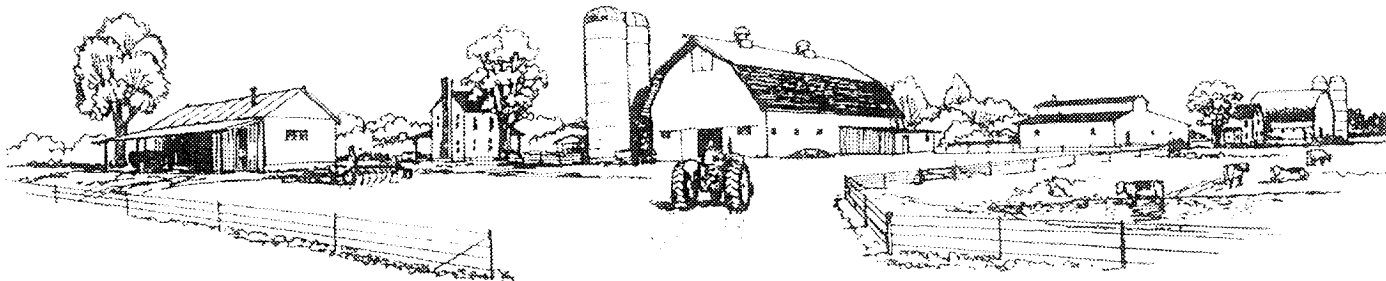
## Upper Midwest Pool Statistics - April 2000

| Market Class I<br>Differential<br>Rate | Pool<br>Plants | Producer Milk              |   |               | Location<br>Adjustment to<br>Producers | Class I Differential<br>to Handlers |             |
|--|----------------|----------------------------|---|---------------|--|-------------------------------------|-------------|
|  |                | Received at<br>Pool Plants | Diverted to<br>Pool and<br>Nonpool Plants | Total         |  | Pounds                              | Value       |
|  |                | Pounds                     | Pounds                                    | Pounds        |  |                                     |             |
| Cwt.                                   | Number         |                            |   |               | Value                                  |                                     |             |
| \$1.80                                 | 5              | 46,887,783                 | 6,733,602                                 | 53,621,385    | \$ 0                                   | 44,527,946                          | \$ 801,503  |
| \$1.75                                 | 44             | 323,710,116                | 559,484,964                               | 883,195,080   | 441,598                                | 148,854,584                         | 2,604,955   |
| \$1.70                                 | 47             | 187,496,858                | 836,717,103                               | 1,024,213,961 | 1,024,214                              | 112,352,731                         | 1,909,996   |
| \$1.65                                 | 8              | 30,358,627                 | 74,893,904                                | 105,252,531   | 157,879                                | 19,855,495                          | 327,616     |
| Restricted                             | 0              | 0                          | 2,493,736                                 | 2,493,736     | 4,944                                  | 0                                   | 0           |
| Total                                  | 104            | 588,453,384                | 1,480,323,309                             | 2,068,776,693 | \$1,628,635                            | 325,590,756                         | \$5,644,070 |

# Computation of Producer Price Differential - April 2000

|   | Utilization<br>Percentage | Product<br>Pounds    | Component<br>Pounds | Rate          | Value                   |
|---|---------------------------|----------------------|---------------------|---------------|-------------------------|
| <b>Class I</b>  |                           |                      |                     |               |                         |
| Differential Value  |                           |                      |                     |               | \$ 5,644,070.33         |
| Product   | 15.7%                     | 325,590,756          |                     |               |                         |
| Skim Milk   |                           |                      | 320,471,995         | \$ 7.7000     | 24,676,343.62           |
| Butterfat   |                           |                      | 5,118,761           | 0.9989        | 5,113,130.39            |
| <b>Class II</b>   |                           |                      |                     |               |                         |
| Product   | 3.9%                      | 79,919,869           |                     |               |                         |
| Nonfat Solids   |                           |                      | 6,519,631           | 0.9333        | 6,084,771.59            |
| Butterfat   |                           |                      | 7,756,371           | 1.1422        | 8,859,326.99            |
| <b>Class III</b>  |                           |                      |                     |               |                         |
| Product   | 79.0%                     | 1,633,781,285        |                     |               |                         |
| Protein   |                           |                      | 49,066,265          | 1.7399        | 85,370,394.44           |
| Other Solids  |                           |                      | 93,596,056          | 0.0408        | 3,818,719.09            |
| Butterfat   |                           |                      | 59,315,575          | 1.1352        | 67,335,040.75           |
| <b>Class IV</b>   |                           |                      |                     |               |                         |
| Product   | 1.4%                      | 29,484,783           |                     |               |                         |
| Nonfat Solids   |                           |                      | 2,161,571           | 0.8537        | 1,845,333.17            |
| Butterfat   |                           |                      | 5,578,937           | 1.1352        | 6,333,209.27            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                      |                     |               | 247,758.85              |
| <b>Total Producer Milk *</b>                                      |                           | <b>2,068,776,693</b> |                     |               | <b>\$215,328,098.49</b> |
| Add:  |                           |                      |                     |               |                         |
| Overage   |                           |                      |                     |               | 62,727.99               |
| Inventory Reclassified  |                           |                      |                     |               | (78,763.34)             |
| Other Source Milk \$.60(h)  |                           |                      |                     |               | 0.00                    |
| Other Source Milk \$.60(i)  |                           |                      |                     |               | 0.00                    |
| Subtract:   |                           |                      |                     |               |                         |
| Transportation Credit   |                           |                      |                     |               | 169,539.01              |
| Assembly Credit   |                           |                      |                     |               | 258,733.39              |
| Credit for Reconstituted FMP                                      |                           |                      |                     |               | 0.00                    |
| Producer Milk Protein   |                           |                      |                     |               | 107,840,500.08          |
| Producer Milk Other Solids  |                           |                      |                     |               | 4,826,888.87            |
| Producer Milk Butterfat   |                           |                      |                     |               | 88,284,099.83           |
| Producer Milk SCC Adjustment                                      |                           |                      |                     |               | 324,506.96              |
| <b>Total Milk and Value</b>                                       |                           | <b>2,068,776,693</b> |                     |               | <b>\$ 13,607,795.00</b> |
| Add:  |                           |                      |                     |               |                         |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                      |                     |               | 1,628,634.70            |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                      |                     |               | 1,014,277.42            |
| <b>Total Value</b>  |                           |                      |                     | 0.785523      | <b>\$ 16,250,707.12</b> |
| Subtract:   |                           |                      |                     |               |                         |
| Producer Settlement Fund Reserve                                  |                           |                      |                     | 0.045523      | 941,759.59              |
| <b>Producer Price Differential (Dollars Per Cwt.--Base Zone)</b>  |                           |                      |                     | <b>\$0.74</b> | <b>\$15,308,947.53</b>  |

\* An estimated 47 million pounds of milk was not pooled.



# Utilization and Classification

|   | April 2000           |                   | March 2000           |
|---|----------------------|-------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |
| Packaged Disposition                      |                      |                   |                      |
| Milk                                      | 50,636,073           | 1,647,123         | 54,839,394           |
| Flavored Milk                             | 7,384,617            | 179,911           | 7,811,805            |
| Reduced Fat Milk                          | 127,924,548          | 2,515,027         | 137,439,287          |
| Lowfat Milk                               | 42,284,073           | 414,937           | 45,314,024           |
| Fat Free Milk                             | 81,645,112           | 82,711            | 87,794,300           |
| Flavored Reduced and Fat Free Milk        | 20,233,261           | 201,789           | 24,525,792           |
| Buttermilk                                | 2,285,857            | 23,543            | 2,204,012            |
| Total Packaged Disposition                | 332,393,541          | 5,065,041         | 359,928,614          |
| Total Ending Inventory                    | 28,846,225           | 454,863           | 34,733,027           |
| Bulk to Nonpool Plants                    | 1,343,195            | 22,471            | 2,154,441            |
| Shrinkage                                 | 1,407,366            | 203,721           | 1,852,526            |
| Total Class I Utilization                 | 363,990,327          | 5,746,096         | 398,668,608          |
| Other Order Plants                        | (3,166,930)          | (69,633)          | (3,936,971)          |
| Beginning Inventory                       | (34,733,027)         | (548,560)         | (26,568,537)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (273,172)            | (3,051)           | (295,643)            |
| Overage                                   | 0                    | 0                 | --                   |
| Interhandler Adjustment                   | (226,442)            | (6,091)           | 75,260               |
| <b>Class I Producer Milk</b>              | <b>325,590,756</b>   | <b>5,118,761</b>  | <b>367,942,717</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |
| Total Class II Utilization                | 89,815,791           | 8,553,548         | 98,031,181           |
| Other Order Plants                        | --                   | --                | (1,940,837)          |
| Beginning Inventory                       | (272,243)            | (64,970)          | (2,462,186)          |
| Reused Products                           | (8,663,897)          | (21,293)          | (7,818,796)          |
| Other Source Milk                         | (959,782)            | (710,914)         | (1,782,495)          |
| Overage                                   | --                   | --                | (348,742)            |
| <b>Class II Producer Milk</b>             | <b>79,919,869</b>    | <b>7,756,371</b>  | <b>83,678,125</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |
| Total Class III Utilization               | 1,656,214,160        | 60,215,955        | 1,820,261,498        |
| Other Order Plants                        | (7,732,604)          | (358,748)         | (4,080,795)          |
| Beginning Inventory                       | (5,439,789)          | (178,301)         | (8,763,182)          |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (9,217,913)          | (356,609)         | (10,350,915)         |
| Overage                                   | (42,569)             | (6,722)           | (124,575)            |
| <b>Class III Producer Milk</b>            | <b>1,633,781,285</b> | <b>59,315,575</b> | <b>1,796,942,031</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |
| Total Class IV Utilization                | 52,255,781           | 6,822,422         | 35,864,635           |
| Other Order Plants                        | (2,972,037)          | (118,932)         | (1,230,067)          |
| Beginning Inventory                       | (9,734,466)          | (591,826)         | (12,037,969)         |
| Reused Products                           | -                    | -                 | 0                    |
| Other Source Milk                         | (9,726,631)          | (507,093)         | (10,542,617)         |
| Overage                                   | (337,864)            | (25,634)          | (27,480)             |
| <b>Class IV Producer Milk</b>             | <b>29,484,783</b>    | <b>5,578,937</b>  | <b>12,026,502</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>2,068,776,693</b> | <b>77,769,644</b> | <b>2,260,589,375</b> |

-- Restricted Information

## Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |         |         |        |        |          | Weighted Two-Week Average NASS Prices * |         |         |        |        |          |
|------------|--|---------|---------|--------|--------|----------|---|---------|---------|--------|--------|----------|
|            | Blocks                                 | Barrels | Average | Butter | NFDM   | Dry Whey | Blocks                                  | Barrels | Average | Butter | NFDM   | Dry Whey |
|            | <i>Dollars per Pound</i>               |         |         |        |        |          | <i>Dollars per Pound</i>                |         |         |        |        |          |
| Apr 1999   | 1.3131                                 | 1.2823  | 1.3126  | 1.0160 | 1.0071 | 0.1845   | 1.3146                                  | 1.2859  | 1.3154  | 1.0032 | 1.0056 | 0.1842   |
| May        | 1.2661                                 | 1.2123  | 1.2499  | 1.0781 | 1.0069 | 0.1739   | 1.2895                                  | 1.2222  | 1.2639  | 0.9960 | 1.0055 | 0.1748   |
| Jun        | 1.2747                                 | 1.2502  | 1.2786  | 1.4609 | 1.0046 | 0.1711   | 1.2391                                  | 1.2134  | 1.2422  | 1.4352 | 1.0067 | 0.1717   |
| Jul        | 1.4702                                 | 1.4232  | 1.4583  | 1.3793 | 1.0054 | 0.1724   | 1.4673                                  | 1.4199  | 1.4548  | 1.3705 | 1.0058 | 0.1724   |
| Aug        | 1.7213                                 | 1.6822  | 1.7154  | 1.3683 | 1.0089 | 0.1810   | 1.6900                                  | 1.6522  | 1.6849  | 1.4208 | 1.0087 | 0.1773   |
| Sep        | 1.8023                                 | 1.6286  | 1.7084  | 1.3252 | 1.0174 | 0.1892   | 1.8770                                  | 1.7310  | 1.8008  | 1.3324 | 1.0155 | 0.1872   |
| Oct        | 1.4388                                 | 1.3415  | 1.3934  | 1.1273 | 1.0183 | 0.1944   | 1.4851                                  | 1.3841  | 1.4359  | 1.1439 | 1.0188 | 0.1920   |
| Nov        | 1.2143                                 | 1.1713  | 1.2058  | 1.0637 | 1.0168 | 0.1917   | 1.2583                                  | 1.2188  | 1.2521  | 1.0695 | 1.0184 | 0.1901   |
| Dec        | 1.1319                                 | 1.1096  | 1.1371  | 0.9179 | 1.0111 | 0.1892   | 1.1191                                  | 1.1008  | 1.1268  | 0.9220 | 1.0125 | 0.1870   |
| Jan 2000   | 1.1417                                 | 1.1279  | 1.1517  | 0.8820 | 1.0115 | 0.1857   | 1.1652                                  | 1.1416  | 1.1696  | 0.8768 | 1.0114 | 0.1859   |
| Feb        | 1.1028                                 | 1.0793  | 1.1067  | 0.9002 | 1.0106 | 0.1788   | 1.1054                                  | 1.0804  | 1.1084  | 0.9105 | 1.0104 | 0.1800   |
| Mar        | 1.0993                                 | 1.0854  | 1.1093  | 0.9497 | 1.0094 | 0.1780   | 1.0953                                  | 1.0841  | 1.1073  | 0.9331 | 1.0098 | 0.1771   |
| Apr        | 1.0979                                 | 1.0733  | 1.1011  | 1.0449 | 1.0078 | 0.1765   | 1.0985                                  | 1.0770  | 1.1035  | 1.0618 | 1.0096 | 0.1774   |

| Month/Year | Chicago Mercantile Exchange  |               |         |         |         |          |        |  |
|------------|------------------------------|---------------|---------|---------|---------|----------|--------|--|
|            | Butter Prices<br>Grade AA ** | Cheese Prices |         | NFDM    |         | Dry Whey |        |  |
|            | 40 lb. Block                 | Barrel        | Central | Western | Central | Western  |        |  |
|            | <i>Dollars per Pound</i>     |               |         |         |         |          |        |  |
| Apr 1999   | 1.0298                       | 1.3224        | 1.2739  | 1.0228  | 1.0009  | 0.1726   | 0.1882 |  |
| May        | 1.1289                       | 1.2389        | 1.2059  | 1.0228  | 1.0000  | 0.1638   | 0.1750 |  |
| Jun        | 1.4931                       | 1.3974        | 1.3572  | 1.0139  | 0.9998  | 0.1737   | 0.1709 |  |
| Jul        | 1.3444                       | 1.6307        | 1.5618  | 1.0172  | 1.0012  | 0.1809   | 0.1780 |  |
| Aug        | 1.3963                       | 1.8943        | 1.7865  | 1.0384  | 1.0124  | 0.1972   | 0.1835 |  |
| Sep        | 1.3393                       | 1.6183        | 1.4996  | 1.0486  | 1.0183  | 0.2079   | 0.1902 |  |
| Oct        | 1.1248                       | 1.3031        | 1.2656  | 1.0451  | 1.0175  | 0.1938   | 0.1994 |  |
| Nov        | 1.0725                       | 1.1435        | 1.1251  | 1.0343  | 1.0109  | 0.1834   | 0.2041 |  |
| Dec        | 0.9163                       | 1.1545        | 1.1475  | 1.0168  | 1.0039  | 0.1865   | 0.2004 |  |
| Jan 2000   | 0.9090                       | 1.1285        | 1.1101  | 1.0090  | 1.0038  | 0.1811   | 0.1911 |  |
| Feb        | 0.9245                       | 1.1090        | 1.0910  | 1.0025  | 1.0024  | 0.1751   | 0.1799 |  |
| Mar        | 1.0200                       | 1.1139        | 1.0936  | 1.0009  | 1.0000  | 0.1772   | 0.1780 |  |
| Apr        | 1.0691                       | 1.1032        | 1.0822  | 1.0000  | 1.0006  | 0.1725   | 0.1763 |  |

## Market Statistics

| Month/Year | Distributing<br>Plants | Supply<br>Plants | Coop .9(c)<br>Handlers | Producers | Total<br>Producer<br>Milk | Average Daily<br>Delivery | Butterfat<br>Test | Protein<br>Test | Other<br>Solids<br>Test | Weighted<br>Average<br>SCC |
|------------|------------------------|------------------|------------------------|-----------|---------------------------|---------------------------|-------------------|-----------------|-------------------------|----------------------------|
|            |                        |                  |                        |           | <i>Mil. lbs.</i>          | <i>Pounds</i>             | <i>Percent</i>    | <i>Percent</i>  | <i>Percent</i>          | <i>(000)</i>               |
| Jan 2000   | 29                     | 84               | 12                     | 22,923    | 2,433                     | 3,486                     | 3.81              | 3.05            | 5.66                    | 308                        |
| Feb        | 28                     | 79               | 11                     | 22,874    | 2,269                     | 3,491                     | 3.78              | 3.02            | 5.68                    | 316                        |
| Mar        | 28                     | 76               | 11                     | 21,808    | 2,261                     | 3,389                     | 3.76              | 3.00            | 5.72                    | 329                        |
| Apr        | 29                     | 75               | 11                     | 20,499    | 2,069                     | 3,415                     | 3.76              | 3.00            | 5.72                    | 321                        |
| May        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Jun        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Jul        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Aug        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Sep        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Oct        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Nov        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Dec        |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |
| Jan 2001   |                        |                  |                        |           |                           |                           |                   |                 |                         |                            |

\* NASS = National Agricultural Statistics Service, USDA. \*\* Prices prior to January 2000 are FMMA reported prices.

# Class Prices \*

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |            |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Nonfat         |            |             |             |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i> | <i>cwt.</i> | <i>cwt.</i> |
| Apr 1999   | 1.4996              | 7.77        | 12.75       | 1.5176                           | 9.57        | 14.55       | 1.1070         | 0.9411     | 8.47        | 12.05       |
| May        | 1.0844              | 8.16        | 11.67       | 1.1024                           | 9.96        | 13.47       | 1.1827         | 0.9289     | 8.36        | 12.21       |
| Jun        | 1.0756              | 7.66        | 11.16       | 1.0936                           | 9.46        | 12.96       | 1.6496         | 0.9289     | 8.36        | 13.84       |
| Jul        | 1.6112              | 7.67        | 13.04       | 1.6292                           | 9.47        | 14.84       | 1.5500         | 0.9300     | 8.37        | 13.50       |
| Aug        | 1.5323              | 7.79        | 12.88       | 1.5503                           | 9.59        | 14.68       | 1.5366         | 0.9300     | 8.37        | 13.46       |
| Sep        | 1.5937              | 10.03       | 15.26       | 1.6117                           | 11.83       | 17.06       | 1.4841         | 0.9322     | 8.39        | 13.29       |
| Oct        | 1.4859              | 11.75       | 16.54       | 1.5039                           | 13.55       | 18.34       | 1.2427         | 0.9389     | 8.45        | 12.50       |
| Nov        | 1.2560              | 8.81        | 12.90       | 1.2740                           | 10.61       | 14.70       | 1.1652         | 0.9422     | 8.48        | 12.26       |
| Dec        | 1.1652              | 7.78        | 11.59       | 1.1832                           | 9.58        | 13.39       | 0.9874         | 0.9422     | 8.48        | 11.64       |
| Jan 2000   | 0.9854              | 7.72        | 10.90       | 1.0034                           | 9.52        | 12.70       | 0.9436         | 0.9356     | 8.42        | 11.43       |
| Feb        | 0.9302              | 7.72        | 10.71       | 0.9482                           | 9.52        | 12.51       | 0.9658         | 0.9356     | 8.42        | 11.51       |
| Mar        | 0.9713              | 7.71        | 10.84       | 0.9893                           | 9.51        | 12.64       | 1.0261         | 0.9344     | 8.41        | 11.71       |
| Apr        | 0.9989              | 7.70        | 10.93       | 1.0169                           | 9.50        | 12.73       | 1.1422         | 0.9333     | 8.40        | 12.10       |
| May        | 1.1559              | 7.70        | 11.48       | 1.1739                           | 9.50        | 13.28       |                | 0.9333     | 8.40        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Apr 1999   | 1.1000          | 2.5104     | 0.0491       | 8.07        | 11.64       | 1.1000         | 0.8530        | 7.68        | 11.26       |
| May        | 1.1757          | 2.1984     | 0.0381       | 7.04        | 10.91       | 1.1757         | 0.8528        | 7.68        | 11.53       |
| Jun        | 1.6426          | 1.6992     | 0.0352       | 5.48        | 11.04       | 1.6426         | 0.8506        | 7.66        | 13.14       |
| Jul        | 1.5430          | 2.4431     | 0.0366       | 7.79        | 12.92       | 1.5430         | 0.8514        | 7.66        | 12.79       |
| Aug        | 1.5296          | 3.3421     | 0.0455       | 10.63       | 15.61       | 1.5296         | 0.8548        | 7.69        | 12.77       |
| Sep        | 1.4771          | 3.3853     | 0.0539       | 10.81       | 15.60       | 1.4771         | 0.8631        | 7.77        | 12.67       |
| Oct        | 1.2357          | 2.6138     | 0.0593       | 8.45        | 12.48       | 1.2357         | 0.8640        | 7.78        | 11.83       |
| Nov        | 1.1582          | 2.0696     | 0.0565       | 6.75        | 10.57       | 1.1582         | 0.8625        | 7.76        | 11.54       |
| Dec        | 0.9804          | 2.0615     | 0.0539       | 6.71        | 9.91        | 0.9804         | 0.8570        | 7.71        | 10.87       |
| Jan 2000   | 0.9366          | 2.1677     | 0.0503       | 7.02        | 10.05       | 0.9366         | 0.8574        | 7.72        | 10.73       |
| Feb        | 0.9588          | 1.9849     | 0.0432       | 6.41        | 9.54        | 0.9588         | 0.8565        | 7.71        | 10.80       |
| Mar        | 1.0191          | 1.9166     | 0.0424       | 6.19        | 9.54        | 1.0191         | 0.8553        | 7.70        | 11.00       |
| Apr        | 1.1352          | 1.7399     | 0.0408       | 5.63        | 9.41        | 1.1352         | 0.8537        | 7.68        | 11.38       |

# Producer Prices

| Month/Year | Producer Price Differential | Statistical Uniform Price (at 3.50%) | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|-----------------------------|--------------------------------------|-----------------|---------------|--------------------|---------------------|----------------------------------|
|            | <i>cwt.</i>                 | <i>cwt.</i>                          | <i>lb.</i>      | <i>lb.</i>    | <i>lb.</i>         | <i>cwt.</i>         | <i>cwt.</i>                      |
|            | Jan 2000                    | \$0.43                               | \$10.48         | \$0.9366      | \$2.1677           | \$0.0503            | \$0.00058                        |
| Feb        | 0.56                        | 10.10                                | 0.9588          | 1.9849        | 0.0432             | 0.00055             |                                  |
| Mar        | 0.64                        | 10.18                                | 1.0191          | 1.9166        | 0.0424             | 0.00055             |                                  |
| Apr        | 0.74                        | 10.15                                | 1.1352          | 1.7399        | 0.0408             | 0.00055             |                                  |
| May        |                             |                                      |                 |               |                    |                     |                                  |
| Jun        |                             |                                      |                 |               |                    |                     |                                  |
| Jul        |                             |                                      |                 |               |                    |                     |                                  |
| Aug        |                             |                                      |                 |               |                    |                     |                                  |
| Sep        |                             |                                      |                 |               |                    |                     |                                  |
| Oct        |                             |                                      |                 |               |                    |                     |                                  |
| Nov        |                             |                                      |                 |               |                    |                     |                                  |
| Dec        |                             |                                      |                 |               |                    |                     |                                  |
| Jan 2001   |                             |                                      |                 |               |                    |                     |                                  |

\* Prices prior to January 2000 are estimated.

# Summary of Federal Order Data - April 2000

| Federal Order Number / Name | Producer Deliveries    | Class I Producer Receipts | Class I Utilization | Class I Price | Producer Price Differential | Statistical Uniform Price at 3.50% |
|-----------------------------|------------------------|---------------------------|---------------------|---------------|-----------------------------|------------------------------------|
|                             | <i>Thousand Pounds</i> |                           | <i>Percent</i>      |               | <i>Dollars per Cwt.</i>     |                                    |
| 1 Northeast                 | 2,091,375              | 816,080                   | 39.0                | \$ 14.18      | \$ 3.05                     | \$ 12.46                           |
| 5 Appalachian               | 565,671                | 340,661                   | 60.2                | 14.03         | n/a                         | 13.23                              |
| 6 Florida                   | 258,886                | 211,666                   | 81.8                | 14.93         | n/a                         | 14.55                              |
| 7 Southeast                 | 671,487                | 383,301                   | 57.1                | 14.03         | n/a                         | 12.88                              |
| 30 Upper Midwest            | 2,068,777              | 325,591                   | 15.7                | 12.73         | 0.74                        | 10.15                              |
| 32 Central                  | 1,340,641              | 381,288                   | 28.4                | 12.93         | 1.43                        | 10.84                              |
| 33 Mideast                  | 1,104,797              | 523,073                   | 47.3                | 12.93         | 2.36                        | 11.77                              |
| 124 Pacific Northwest       | 586,407                | 162,784                   | 27.8                | 12.83         | 1.90                        | 11.31                              |
| 126 Southwest               | 742,209                | 313,221                   | 42.2                | 13.93         | 2.64                        | 12.05                              |
| 131 Arizona-Las Vegas       | 288,786                | 77,143                    | 26.7                | 13.28         | n/a                         | 11.44                              |
| 135 Western                 | 391,959                | 75,952                    | 19.4                | 12.83         | 1.35                        | 10.76                              |
| All Market Average or Total | 10,110,996             | 3,610,760                 | 35.7                |               |                             |                                    |

n/a = Not applicable.

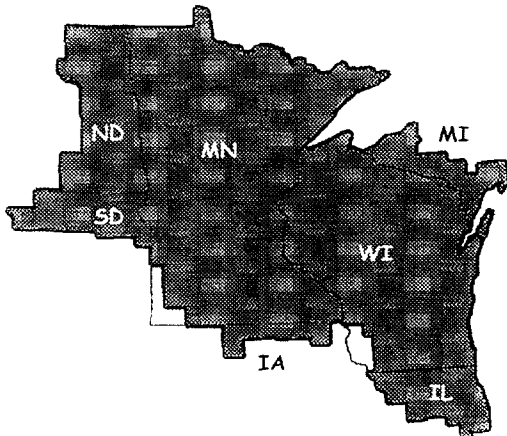
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# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

Volume 1, Issue 3

Upper Midwest Marketing Area, Federal Order No. 30

April 2000

### Special points of interest:

- March Producer Price Differential -- \$0.64 / cwt.
- March Statistical Uniform Price -- \$10.18 / cwt.



### Inside this issue:

|   |   |
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| 1999 Mailbox Milk Prices .....                  | 2 |
| USDA Dairy Market Loss Payment.....             | 3 |
| Computation of Producer Price Differential..... | 4 |
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## Hearing on Class III and IV Pricing

The U.S. Department of Agriculture invites dairy farmers, cooperative associations, milk handlers, and consumers to testify at a public hearing beginning May 8, 2000 in Alexandria, Virginia to consider proposals to amend the Class III and IV price formulas for all Federal milk orders.

The hearing will start at 8:00 a.m. at the Embassy Suites Hotel, 1900 Diagonal Road, Alexandria, Virginia, and is expected to last for several days.

The hearing is required by legislation enacted in the Consolidated Appropriations Act, 2000. Under the legislation, USDA is required to reconsider the Class III and Class IV price formulas included in the Final Rule for

the consolidation and reform of Federal milk orders. Federal order reform and consolidation was implemented on January 1, 2000.

USDA must implement the revised pricing formulas on January 1, 2001.

The hearing will consider proposals that address changes to the factors included in the pricing formulas, such as the specification of the products whose prices are identified, the yield factors, and the make allowances included in the computation of the component prices.

The hearing notice was published in the April 14, 2000 Federal Register. Copies are available from USDA/AMS/Dairy Programs, Order Formulation Branch, Room 2968-

S, P.O. Box 96456, Washington, D.C. 20090-6456, telephone (202) 720-4392. The hearing notice is also available on the AMS web site, at: [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy).

The hearing notice and information about the hearing is also available from all Market Administrator offices.

### Background

The Final Rule replaced the old Basic Formula Price (BFP) with class prices that are based on multiple component pricing. Some in the dairy industry were concerned about the level of the Class III and Class IV prices in the Final Rule, and asked Congress to address the issue, which it did in the Consolidated Appropriations Act, 2000.

## Producer Price Differential Increases

The producer price differential for the Upper Midwest Order for March 2000 is 64¢ per cwt., resulting in a statistical uniform price of \$10.18 per cwt., up 8¢ from February. The increase resulted primarily from high-er Class I utilization.

Producer milk in March 2000 totaled 2.3 billion pounds, down 6.8% on a daily basis from February. During the month, 21,808 producers delivered to the market with an average daily delivery of 3,413 pounds.

Class I use in March totaled 368 million pounds, up 1.4% on a daily basis from February. The increase resulted primarily from an increase in disposition of fluid milk products on routes. During the month, Class I usage accounted for 16.3% of producer milk.

# 1999 Mailbox Milk Prices for Selected Federal Orders and California

| Federal Order *                    | Jan-99         | Feb-99         | Mar-99         | Apr-99         | May-99         | Jun-99         | Jul-99         |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| New England                        | \$17.16        | \$15.50        | \$15.37        | \$12.29        | \$12.69        | \$12.99        | \$13.47        |
| New York-New Jersey                | \$17.58        | \$15.30        | \$15.38        | \$11.86        | \$12.30        | \$12.41        | \$13.09        |
| Middle Atlantic                    | \$17.04        | \$15.84        | \$15.34        | \$11.60        | \$12.20        | \$12.72        | \$12.81        |
| Carolina                           | \$19.11        | \$19.18        | \$18.06        | \$12.89        | \$13.65        | \$14.21        | \$13.96        |
| Southeast                          | \$18.40        | \$18.10        | \$16.99        | \$12.00        | \$12.87        | \$13.15        | \$13.08        |
| Florida Orders                     | \$20.27        | \$20.32        | \$19.28        | \$14.09        | \$15.06        | \$15.38        | \$15.70        |
| Southern Michigan                  | \$17.85        | \$16.44        | \$16.07        | \$12.33        | \$12.62        | \$12.72        | \$12.78        |
| Eastern Ohio-Western Pennsylvania  | \$18.12        | \$16.23        | \$16.16        | \$11.96        | \$12.72        | \$12.66        | \$13.10        |
| Ohio Valley                        | \$18.28        | \$16.90        | \$16.63        | \$11.91        | \$12.55        | \$12.64        | \$12.63        |
| Indiana                            | \$18.24        | \$17.49        | \$16.79        | \$11.87        | \$12.83        | \$12.87        | \$12.62        |
| <b>Chicago Regional</b>            | <b>\$17.44</b> | <b>\$12.91</b> | <b>\$13.77</b> | <b>\$12.34</b> | <b>\$12.28</b> | <b>\$12.42</b> | <b>\$13.91</b> |
| Southern Illinois-Eastern Missouri | \$18.12        | \$16.39        | \$16.05        | \$11.85        | \$12.61        | \$12.82        | \$12.65        |
| Louisville-Lexington-Evansville    | \$18.54        | \$18.14        | \$17.56        | \$12.02        | \$12.91        | \$13.35        | \$12.96        |
| <b>Upper Midwest</b>               | <b>\$16.77</b> | <b>\$13.24</b> | <b>\$13.38</b> | <b>\$12.61</b> | <b>\$12.11</b> | <b>\$12.50</b> | <b>\$13.99</b> |
| Nebraska-Western Iowa              | \$16.60        | \$13.73        | \$13.87        | \$11.75        | \$11.71        | \$12.09        | \$13.34        |
| Iowa                               | \$17.25        | \$13.36        | \$13.92        | \$12.18        | \$12.12        | \$12.25        | \$13.32        |
| Texas                              | \$17.09        | \$14.96        | \$14.89        | \$11.52        | \$12.19        | \$12.68        | \$13.40        |
| Southwest Plains                   | \$17.20        | \$14.68        | \$14.75        | \$11.19        | \$11.71        | \$12.03        | \$12.68        |
| Eastern Colorado                   | \$17.49        | \$15.26        | \$15.34        | \$11.67        | \$12.21        | \$12.21        | \$12.53        |
| Southwestern Idaho-Eastern Oregon  | \$15.96        | \$11.70        | \$12.28        | \$11.53        | \$11.27        | \$11.82        | \$12.83        |
| Great Basin                        | \$16.21        | \$13.33        | \$13.60        | \$11.23        | \$11.40        | \$11.58        | \$12.43        |
| New Mexico-West Texas              | \$16.17        | \$13.93        | \$14.05        | \$10.80        | \$11.49        | \$11.77        | \$12.45        |
| Pacific Northwest                  | \$16.07        | \$14.42        | \$14.37        | \$11.46        | \$12.10        | \$12.67        | \$12.64        |
| <b>All Market Weighted Average</b> | <b>\$17.43</b> | <b>\$15.00</b> | <b>\$15.02</b> | <b>\$12.05</b> | <b>\$12.38</b> | <b>\$12.65</b> | <b>\$13.31</b> |
| California **                      | \$15.89        | \$14.18        | \$13.95        | \$12.26        | \$12.05        | \$12.70        | \$13.16        |

| Federal Order *                    | Aug-99         | Sep-99         | Oct-99         | Nov-99         | Dec-99         | Simple Average | Weighted Average |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| New England                        | \$13.92        | \$14.96        | \$15.06        | \$15.02        | \$13.19        | \$14.30        | \$14.27          |
| New York-New Jersey                | \$14.07        | \$15.55        | \$15.11        | \$14.82        | \$11.93        | \$14.12        | \$14.09          |
| Middle Atlantic                    | \$13.19        | \$14.97        | \$15.57        | \$15.36        | \$12.04        | \$14.06        | \$14.02          |
| Carolina                           | \$14.06        | \$15.98        | \$17.17        | \$17.56        | \$13.90        | \$15.81        | \$15.82          |
| Southeast                          | \$13.35        | \$15.38        | \$16.15        | \$16.20        | \$12.70        | \$14.86        | \$14.87          |
| Florida Orders                     | \$16.22        | \$17.94        | \$19.29        | \$18.72        | \$15.59        | \$17.32        | \$17.34          |
| Southern Michigan                  | \$13.46        | \$15.21        | \$15.64        | \$15.53        | \$12.16        | \$14.40        | \$14.35          |
| Eastern Ohio-Western Pennsylvania  | \$13.52        | \$15.49        | \$15.55        | \$15.65        | \$12.27        | \$14.45        | \$14.42          |
| Ohio Valley                        | \$12.81        | \$15.33        | \$15.96        | \$16.18        | \$12.58        | \$14.53        | \$14.52          |
| Indiana                            | \$12.88        | \$15.17        | \$16.29        | \$16.27        | \$12.70        | \$14.67        | \$14.64          |
| <b>Chicago Regional</b>            | <b>\$16.06</b> | <b>\$16.59</b> | <b>\$13.58</b> | <b>\$12.43</b> | <b>\$11.28</b> | <b>\$13.75</b> | <b>\$13.53</b>   |
| Southern Illinois-Eastern Missouri | \$12.78        | \$15.05        | \$16.35        | \$16.47        | \$12.56        | \$14.48        | \$14.49          |
| Louisville-Lexington-Evansville    | \$13.21        | \$15.47        | \$16.93        | \$17.23        | \$13.29        | \$15.13        | \$15.07          |
| <b>Upper Midwest</b>               | <b>\$16.16</b> | <b>\$15.99</b> | <b>\$13.52</b> | <b>\$12.09</b> | <b>\$11.32</b> | <b>\$13.64</b> | <b>\$13.18</b>   |
| Nebraska-Western Iowa              | \$14.60        | \$15.30        | \$13.82        | \$13.21        | \$11.37        | \$13.45        | \$13.35          |
| Iowa                               | \$15.06        | \$15.90        | \$13.93        | \$12.84        | \$11.23        | \$13.61        | \$13.36          |
| Texas                              | \$14.02        | \$15.46        | \$15.21        | \$14.78        | \$12.65        | \$14.07        | \$14.02          |
| Southwest Plains                   | \$13.24        | \$15.03        | \$14.62        | \$14.14        | \$11.43        | \$13.56        | \$13.54          |
| Eastern Colorado                   | \$13.12        | \$15.17        | \$15.09        | \$15.01        | \$11.74        | \$13.90        | \$13.96          |
| Southwestern Idaho-Eastern Oregon  | \$14.72        | \$14.61        | \$11.80        | \$10.47        | \$10.13        | \$12.43        | \$11.82          |
| Great Basin                        | \$13.43        | \$14.64        | \$14.06        | \$12.33        | \$10.79        | \$12.92        | \$12.85          |
| New Mexico-West Texas              | \$13.21        | \$14.70        | \$13.87        | \$13.60        | \$11.74        | \$13.15        | \$13.18          |
| Pacific Northwest                  | \$13.19        | \$14.13        | \$13.64        | \$13.46        | \$11.45        | \$13.30        | \$13.32          |
| <b>All Market Weighted Average</b> | <b>\$13.86</b> | <b>\$15.39</b> | <b>\$14.70</b> | <b>\$14.17</b> | <b>\$12.00</b> | <b>\$14.00</b> | <b>\$13.99</b>   |
| California **                      | \$15.02        | \$14.41        | \$13.69        | \$13.02        | \$11.36        | \$13.47        |                  |

\* Federal milk orders for which information could be released.

\*\* California Department of Food and Agriculture, Dairy Marketing Branch, calculates a mailbox price.



## Mailbox Milk Prices

The Dairy Programs section of the Agricultural Marketing Service, through its Federal milk order market administrator offices, collects and publishes "mailbox milk prices".

The table on Page 2 shows these prices for selected Federal orders for 1999 along with a simple average and weighted average for the year. The annual averages are weighted using the proportion of monthly producer milk marketed under the respective order for which the price is reported. California is not part of the Federal order program, but the California Department of Food and Agriculture, Dairy Marketing Branch, calculates a mailbox price. This price has been included for comparison purposes.

The mailbox price is defined as the net price received by dairy farmers for milk, including all payments received for milk sold and deducting costs associated with marketing the milk. The information reported is intended to be representative of the entire market by including data for the major cooperatives and handlers with nonmember supplies operating in the market. All mailbox prices are reported at test.

During 1999, mailbox prices declined throughout the year. The 1999 all market average mailbox price ranged from \$17.43 in January to a low of \$12.00 in December. The highest individual market price, \$20.32 was paid to Florida produc-

ers during February. The lowest reported individual market price, \$10.13, was paid to producers in the Pacific Northwest order during December.

Producers in the former **Chicago Regional, Federal Order 30** received a simple average price of \$13.75 and a weighted average price of \$13.53 for the year. Producers in the former **Upper Midwest, Federal Order 68** received a

simple average price of \$13.64, and a weighted average price of \$13.18. The 1999 weighted average Chicago Regional and Upper Midwest Orders' mailbox prices ranked fourth and eighth, respectively.

The Chicago Regional and Upper Midwest annual mailbox prices for 1995, 1996, 1997, 1998 and 1999 are shown in the accompanying table.

Weighted Average Mailbox Milk Prices, 1995 to 1999

| Order Name and Number              | 1995 Average   | 1996 Average   | 1997 Average   | 1998 Average   | 1999 Average   |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                    | Cwt.           |                |                |                |                |
| Chicago Regional 30                | \$12.37        | \$14.36        | \$13.21        | \$15.36        | \$13.53        |
| Upper Midwest 68                   | \$12.18        | \$14.19        | \$12.92        | \$15.27        | \$13.18        |
| <b>All Market Weighted Average</b> | <b>\$12.13</b> | <b>\$14.28</b> | <b>\$12.99</b> | <b>\$14.99</b> | <b>\$13.99</b> |

## USDA Dairy Market Loss Payment

On April 7, 2000, Keith Kelly, executive vice president of the U.S. Department of Agriculture's Commodity Credit Corporation (CCC) announced that dairy farmers will be paid \$0.1323848 per cwt. under the second Dairy Market Loss Assistance Program (DMLA-II).

Under DMLA-II, CCC will make \$122.6 million in payments to dairy farmers.

Payments are being made both to dairy operations that participated in the first Dairy Market Loss Assistance Program (DMLA-I) and to new producers. DMLA-II payments are limited to the first 2.6 million pounds of production.

The program was authorized by Congress to assist dairy farmers facing some of the lowest milk prices in 20 years.

## Upper Midwest Pool Statistics - March 2000

| Market Class I Differential Rate |             | Producer Milk           |                                     |                      | Location Adjustment to Producers | Class I Differential to Handlers |                    |
|----------------------------------|-------------|-------------------------|-------------------------------------|----------------------|----------------------------------|----------------------------------|--------------------|
| Cwt.                             | Pool Plants | Received at Pool Plants | Diverted to Pool and Nonpool Plants | Total                | Value                            | Pounds                           | Value              |
| \$1.80                           | 4           | 49,225,563              | 8,107,892                           | 57,333,455           | \$ 0                             | 51,987,983                       | \$ 935,784         |
| \$1.75                           | 45          | 334,340,987             | 618,551,919                         | 952,892,906          | 476,447                          | 168,894,350                      | 2,955,651          |
| \$1.70                           | 47          | 226,744,336             | 905,117,013                         | 1,131,861,349        | 1,131,862                        | 124,569,619                      | 2,117,684          |
| \$1.65                           | 8           | 32,870,883              | 82,095,422                          | 114,966,305          | 172,449                          | 22,490,765                       | 371,098            |
| Restricted                       | 0           | 0                       | 3,535,360                           | 3,535,360            | 6,967                            | 0                                | 0                  |
| <b>Total</b>                     | <b>104</b>  | <b>643,181,769</b>      | <b>1,617,407,606</b>                | <b>2,260,589,375</b> | <b>\$1,787,725</b>               | <b>367,942,717</b>               | <b>\$6,380,216</b> |

## Computation of Producer Price Differential - March 2000

|   | Utilization<br>Percentage | Product<br>Pounds | Component<br>Pounds | Rate          | Value                  |
|---|---------------------------|-------------------|---------------------|---------------|------------------------|
| <b>Class I</b>  |                           |                   |                     |               |                        |
| Differential Value  |                           |                   |                     |               | \$6,380,216.01         |
| Product   | 16.3%                     | 367,942,717       |                     |               |                        |
| Skim Milk   |                           |                   | 362,206,639         | \$ 7.7100     | 27,926,131.86          |
| Butterfat   |                           |                   | 5,736,078           | 0.9713        | 5,571,452.57           |
| <b>Class II</b>   |                           |                   |                     |               |                        |
| Product   | 3.7%                      | 83,678,125        |                     |               |                        |
| Nonfat Solids   |                           |                   | 6,835,309           | 0.9344        | 6,386,912.72           |
| Butterfat   |                           |                   | 8,296,968           | 1.0261        | 8,513,518.88           |
| <b>Class III</b>  |                           |                   |                     |               |                        |
| Product   | 79.5%                     | 1,796,942,031     |                     |               |                        |
| Protein   |                           |                   | 54,032,152          | 1.9166        | 103,558,022.51         |
| Other Solids  |                           |                   | 102,907,994         | 0.0424        | 4,363,298.95           |
| Butterfat   |                           |                   | 65,753,626          | 1.0191        | 67,009,520.26          |
| <b>Class IV</b>   |                           |                   |                     |               |                        |
| Product   | 0.5%                      | 12,026,502        |                     |               |                        |
| Nonfat Solids   |                           |                   | 618,623             | 0.8553        | 529,108.23             |
| Butterfat   |                           |                   | 5,204,371           | 1.0191        | 5,303,774.51           |
| SCC Adjustment (Class II, III, and IV)                            |                           |                   |                     |               | 184,132.72             |
| <b>Total Producer Milk *</b>                                      |                           | 2,260,589,375     |                     |               | \$235,726,089.22       |
| Add:  |                           |                   |                     |               |                        |
| Overage   |                           |                   |                     |               | 75,472.05              |
| Inventory Reclassified  |                           |                   |                     |               | (90,735.95)            |
| Other Source Milk \$.60(h)  |                           |                   |                     |               | 0.00                   |
| Other Source Milk \$.60(i)  |                           | 139,372           |                     |               | 4,181.16               |
| Subtract:   |                           |                   |                     |               |                        |
| Transportation Credit   |                           |                   |                     |               | 180,662.40             |
| Assembly Credit   |                           |                   |                     |               | 291,360.21             |
| Credit for Reconstituted FMP                                      |                           |                   |                     |               | 0.00                   |
| Producer Milk Protein   |                           |                   |                     |               | 130,021,668.71         |
| Producer Milk Other Solids  |                           |                   |                     |               | 5,480,598.99           |
| Producer Milk Butterfat   |                           |                   |                     |               | 86,614,371.98          |
| Producer Milk SCC Adjustment                                      |                           |                   |                     |               | 265,675.84             |
| <b>Total Milk and Value</b>                                       |                           | 2,260,728,747     |                     |               | \$12,860,668.35        |
| Add:  |                           |                   |                     |               |                        |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                   |                     |               | 1,787,864.33           |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                   |                     |               | 948,599.74             |
| <b>Total Value</b>  |                           |                   |                     | 0.689916      | \$15,597,132.42        |
| Subtract:   |                           |                   |                     |               |                        |
| Producer Settlement Fund Reserve                                  |                           |                   |                     | 0.049916      | 1,128,468.44           |
| <b>Producer Price Differential (Dollars Per Cwt.--Base Zone)</b>  |                           |                   |                     | <b>\$0.64</b> | <b>\$14,468,663.98</b> |

\* An estimated 47 million pounds of milk was not pooled.



# Utilization and Classification

|   | March 2000           |                   | February 2000        |
|---|----------------------|-------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |
| Packaged Disposition                      |                      |                   |                      |
| Milk                                      | 54,839,394           | 1,788,608         | 51,144,293           |
| Flavored Milk                             | 7,811,805            | 183,108           | 7,151,073            |
| Reduced Fat Milk                          | 137,439,287          | 2,699,251         | 130,723,567          |
| Lowfat Milk                               | 45,314,024           | 453,569           | 42,822,094           |
| Fat Free Milk                             | 87,794,300           | 111,715           | 82,679,153           |
| Flavored Reduced and Fat Free Milk        | 24,525,792           | 237,702           | 23,264,131           |
| Buttermilk                                | 2,204,012            | 22,412            | 2,059,001            |
| Total Packaged Disposition                | 359,928,614          | 5,496,365         | 339,843,312          |
| Total Ending Inventory                    | 34,733,027           | 548,560           | 26,481,683           |
| Bulk to Nonpool Plants                    | 2,154,441            | 37,768            | 2,186,541            |
| Shrinkage                                 | 1,852,526            | 152,940           | 1,393,253            |
| Total Class I Utilization                 | 398,668,608          | 6,235,633         | 369,904,789          |
| Other Order Plants                        | (3,936,971)          | (82,191)          | (3,574,551)          |
| Beginning Inventory                       | (26,568,537)         | (414,197)         | (26,695,939)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (295,643)            | (1,840)           | (943,402)            |
| Overage                                   | --                   | --                | 0                    |
| Interhandler Adjustment                   | 75,260               | (1,327)           | 704,701              |
| <b>Class I Producer Milk</b>              | <b>367,942,717</b>   | <b>5,736,078</b>  | <b>339,395,598</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |
| Total Class II Utilization                | 98,031,181           | 9,258,862         | 87,193,664           |
| Other Order Plants                        | (1,940,837)          | (42,430)          | --                   |
| Beginning Inventory                       | (2,462,186)          | (108,802)         | (1,155,415)          |
| Reused Products                           | (7,818,796)          | (1,680)           | (8,229,412)          |
| Other Source Milk                         | (1,782,495)          | (802,136)         | (1,177,847)          |
| Overage                                   | (348,742)            | (6,846)           | --                   |
| <b>Class II Producer Milk</b>             | <b>83,678,125</b>    | <b>8,296,968</b>  | <b>76,630,990</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |
| Total Class III Utilization               | 1,820,261,498        | 66,493,088        | 1,861,922,653        |
| Other Order Plants                        | (4,080,795)          | (196,242)         | (2,031,272)          |
| Beginning Inventory                       | (8,763,182)          | (216,000)         | (8,625,094)          |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (10,350,915)         | (322,799)         | (11,347,578)         |
| Overage                                   | (124,575)            | (4,421)           | (58,394)             |
| <b>Class III Producer Milk</b>            | <b>1,796,942,031</b> | <b>65,753,626</b> | <b>1,839,860,315</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |
| Total Class IV Utilization                | 35,864,635           | 6,702,370         | 42,556,286           |
| Other Order Plants                        | (1,230,067)          | (102,588)         | (2,303,762)          |
| Beginning Inventory                       | (12,037,969)         | (837,369)         | (19,869,774)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (10,542,617)         | (531,018)         | (7,137,791)          |
| Overage                                   | (27,480)             | (27,024)          | (478,879)            |
| <b>Class IV Producer Milk</b>             | <b>12,026,502</b>    | <b>5,204,371</b>  | <b>12,766,080</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>2,260,589,375</b> | <b>84,991,043</b> | <b>2,268,652,983</b> |

-- Restricted Information

## Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |          |          |          |          |          | Weighted Two-Week Average NASS Prices * |          |          |          |          |          |
|------------|--|----------|----------|----------|----------|----------|---|----------|----------|----------|----------|----------|
|            | Blocks                                 | Barrels  | Average  | Butter   | NFDM     | Dry Whey | Blocks                                  | Barrels  | Average  | Butter   | NFDM     | Dry Whey |
|            | <i>Dollars per Pound</i>               |          |          |          |          |          | <i>Dollars per Pound</i>                |          |          |          |          |          |
| Mar 1999   | \$1.3092                               | \$1.2449 | \$1.3064 | \$1.3019 | \$1.0169 | \$0.1917 | \$1.3071                                | \$1.2748 | \$1.3056 | \$1.3437 | \$1.0180 | \$0.1913 |
| Apr        | 1.3131                                 | 1.2823   | 1.3126   | 1.0160   | 1.0071   | 0.1845   | 1.3146                                  | 1.2859   | 1.3154   | 1.0032   | 1.0056   | 0.1842   |
| May        | 1.2661                                 | 1.2123   | 1.2499   | 1.0781   | 1.0069   | 0.1739   | 1.2895                                  | 1.2222   | 1.2639   | 0.9960   | 1.0055   | 0.1748   |
| Jun        | 1.2747                                 | 1.2502   | 1.2786   | 1.4609   | 1.0046   | 0.1711   | 1.2391                                  | 1.2134   | 1.2422   | 1.4352   | 1.0067   | 0.1717   |
| Jul        | 1.4702                                 | 1.4232   | 1.4583   | 1.3793   | 1.0054   | 0.1724   | 1.4673                                  | 1.4199   | 1.4548   | 1.3705   | 1.0058   | 0.1724   |
| Aug        | 1.7213                                 | 1.6822   | 1.7154   | 1.3683   | 1.0089   | 0.1810   | 1.6900                                  | 1.6522   | 1.6849   | 1.4208   | 1.0087   | 0.1773   |
| Sep        | 1.8023                                 | 1.6286   | 1.7084   | 1.3252   | 1.0174   | 0.1892   | 1.8770                                  | 1.7310   | 1.8008   | 1.3324   | 1.0155   | 0.1872   |
| Oct        | 1.4388                                 | 1.3415   | 1.3934   | 1.1273   | 1.0183   | 0.1944   | 1.4851                                  | 1.3841   | 1.4359   | 1.1439   | 1.0188   | 0.1920   |
| Nov        | 1.2143                                 | 1.1713   | 1.2058   | 1.0637   | 1.0168   | 0.1917   | 1.2583                                  | 1.2188   | 1.2521   | 1.0695   | 1.0184   | 0.1901   |
| Dec        | 1.1319                                 | 1.1096   | 1.1371   | 0.9179   | 1.0111   | 0.1892   | 1.1191                                  | 1.1008   | 1.1268   | 0.9220   | 1.0125   | 0.1870   |
| Jan 2000   | 1.1417                                 | 1.1279   | 1.1517   | 0.8820   | 1.0115   | 0.1857   | 1.1652                                  | 1.1416   | 1.1696   | 0.8768   | 1.0114   | 0.1859   |
| Feb        | 1.1028                                 | 1.0793   | 1.1067   | 0.9002   | 1.0106   | 0.1788   | 1.1054                                  | 1.0804   | 1.1084   | 0.9105   | 1.0104   | 0.1800   |
| Mar        | 1.0993                                 | 1.0854   | 1.1093   | 0.9497   | 1.0094   | 0.1780   | 1.0953                                  | 1.0841   | 1.1073   | 0.9331   | 1.0098   | 0.1771   |

| Chicago Mercantile Exchange |                          |              |               |          |          |          |          |  |
|-----------------------------|--------------------------|--------------|---------------|----------|----------|----------|----------|--|
| Month/Year                  | Butter Prices            |              | Cheese Prices |          | NFDM     |          | Dry Whey |  |
|                             | Grade AA **              | 40 lb. Block | Barrel        | Central  | Western  | Central  | Western  |  |
|                             | <i>Dollars per Pound</i> |              |               |          |          |          |          |  |
| Mar 1999                    | \$1.2927                 | \$1.3300     | \$1.2964      | \$1.0239 | \$1.0100 | \$0.1863 | \$0.1963 |  |
| Apr                         | 1.0298                   | 1.3224       | 1.2739        | 1.0228   | 1.0009   | 0.1726   | 0.1882   |  |
| May                         | 1.1289                   | 1.2389       | 1.2059        | 1.0228   | 1.0000   | 0.1638   | 0.1750   |  |
| Jun                         | 1.4931                   | 1.3974       | 1.3572        | 1.0139   | 0.9998   | 0.1737   | 0.1709   |  |
| Jul                         | 1.3444                   | 1.6307       | 1.5618        | 1.0172   | 1.0012   | 0.1809   | 0.1780   |  |
| Aug                         | 1.3963                   | 1.8943       | 1.7865        | 1.0384   | 1.0124   | 0.1972   | 0.1835   |  |
| Sep                         | 1.3393                   | 1.6183       | 1.4996        | 1.0486   | 1.0183   | 0.2079   | 0.1902   |  |
| Oct                         | 1.1248                   | 1.3031       | 1.2656        | 1.0451   | 1.0175   | 0.1938   | 0.1994   |  |
| Nov                         | 1.0725                   | 1.1435       | 1.1251        | 1.0343   | 1.0109   | 0.1834   | 0.2041   |  |
| Dec                         | 0.9163                   | 1.1545       | 1.1475        | 1.0168   | 1.0039   | 0.1865   | 0.2004   |  |
| Jan 2000                    | 0.9090                   | 1.1285       | 1.1101        | 1.0090   | 1.0038   | 0.1811   | 0.1911   |  |
| Feb                         | 0.9245                   | 1.1090       | 1.0910        | 1.0025   | 1.0024   | 0.1751   | 0.1799   |  |
| Mar                         | 1.0200                   | 1.1139       | 1.0936        | 1.0009   | 1.0000   | 0.1772   | 0.1780   |  |

## Market Statistics

| Month/Year | Distributing Plants | Supply Plants | Coop .9(c) Handlers | Producers | Total Producer Milk | Average Daily Delivery | Butterfat Test | Protein Test | Other Solids Test | Weighted Average SCC |
|------------|---------------------|---------------|---------------------|-----------|---------------------|------------------------|----------------|--------------|-------------------|----------------------|
|            |                     |               | Number              |           | Mil. lbs.           | Pounds                 |                | Percent      |                   | (000)                |
| Jan 2000   | 29                  | 84            | 12                  | 22,923    | 2,433               | 3,486                  | 3.81           | 3.05         | 5.66              | 308                  |
| Feb        | 28                  | 79            | 11                  | 22,874    | 2,269               | 3,491                  | 3.78           | 3.02         | 5.68              | 316                  |
| Mar        | 28                  | 76            | 11                  | 21,808    | 2,261               | 3,389                  | 3.76           | 3.00         | 5.72              | 329                  |
| Apr        |                     |               |                     |           |                     |                        |                |              |                   |                      |
| May        |                     |               |                     |           |                     |                        |                |              |                   |                      |
| Jun        |                     |               |                     |           |                     |                        |                |              |                   |                      |
| Jul        |                     |               |                     |           |                     |                        |                |              |                   |                      |
| Aug        |                     |               |                     |           |                     |                        |                |              |                   |                      |
| Sep        |                     |               |                     |           |                     |                        |                |              |                   |                      |
| Oct        |                     |               |                     |           |                     |                        |                |              |                   |                      |
| Nov        |                     |               |                     |           |                     |                        |                |              |                   |                      |
| Dec        |                     |               |                     |           |                     |                        |                |              |                   |                      |
| Jan 2001   |                     |               |                     |           |                     |                        |                |              |                   |                      |

\* NASS = National Agricultural Statistics Service, USDA. \*\* Prices prior to January 2000 are FMMA reported prices.

# Class Prices \*

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |          |           |         |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|----------|-----------|---------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Nonfat         |          |           |         |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | Butterfat      | Solids   | Skim Milk | 3.50%   |
| Mar 1999   | \$1.4411            | \$ 7.98     | \$12.74     | \$1.4591                         | \$ 9.78     | \$14.54     | \$1.4557       | \$0.9644 | \$ 8.68   | \$13.47 |
| Apr        | 1.4996              | 7.77        | 12.75       | 1.5176                           | 9.57        | 14.55       | 1.1070         | 0.9411   | 8.47      | 12.05   |
| May        | 1.0844              | 8.16        | 11.67       | 1.1024                           | 9.96        | 13.47       | 1.1827         | 0.9289   | 8.36      | 12.21   |
| Jun        | 1.0756              | 7.66        | 11.16       | 1.0936                           | 9.46        | 12.96       | 1.6496         | 0.9289   | 8.36      | 13.84   |
| Jul        | 1.6112              | 7.67        | 13.04       | 1.6292                           | 9.47        | 14.84       | 1.5500         | 0.9300   | 8.37      | 13.50   |
| Aug        | 1.5323              | 7.79        | 12.88       | 1.5503                           | 9.59        | 14.68       | 1.5366         | 0.9300   | 8.37      | 13.46   |
| Sep        | 1.5937              | 10.03       | 15.26       | 1.6117                           | 11.83       | 17.06       | 1.4841         | 0.9322   | 8.39      | 13.29   |
| Oct        | 1.4859              | 11.75       | 16.54       | 1.5039                           | 13.55       | 18.34       | 1.2427         | 0.9389   | 8.45      | 12.50   |
| Nov        | 1.2560              | 8.81        | 12.90       | 1.2740                           | 10.61       | 14.70       | 1.1652         | 0.9422   | 8.48      | 12.26   |
| Dec        | 1.1652              | 7.78        | 11.59       | 1.1832                           | 9.58        | 13.39       | 0.9874         | 0.9422   | 8.48      | 11.64   |
| Jan 2000   | 0.9854              | 7.72        | 10.90       | 1.0034                           | 9.52        | 12.70       | 0.9436         | 0.9356   | 8.42      | 11.43   |
| Feb        | 0.9302              | 7.72        | 10.71       | 0.9482                           | 9.52        | 12.51       | 0.9658         | 0.9356   | 8.42      | 11.51   |
| Mar        | 0.9713              | 7.71        | 10.84       | 0.9893                           | 9.51        | 12.64       | 1.0261         | 0.9344   | 8.41      | 11.71   |
| Apr        | 0.9989              | 7.70        | 10.93       | 1.0169                           | 9.50        | 12.73       |                | 0.9333   | 8.40      |         |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Mar 1999   | \$1.4487        | \$2.0428   | \$0.0565     | \$ 6.67     | \$11.51     | \$1.4487       | \$0.8626      | \$ 7.76     | \$12.56     |
| Apr        | 1.1000          | 2.5104     | 0.0491       | 8.07        | 11.64       | 1.1000         | 0.8530        | 7.68        | 11.26       |
| May        | 1.1757          | 2.1984     | 0.0381       | 7.04        | 10.91       | 1.1757         | 0.8528        | 7.68        | 11.53       |
| Jun        | 1.6426          | 1.6992     | 0.0352       | 5.48        | 11.04       | 1.6426         | 0.8506        | 7.66        | 13.14       |
| Jul        | 1.5430          | 2.4431     | 0.0366       | 7.79        | 12.92       | 1.5430         | 0.8514        | 7.66        | 12.79       |
| Aug        | 1.5296          | 3.3421     | 0.0455       | 10.63       | 15.61       | 1.5296         | 0.8548        | 7.69        | 12.77       |
| Sep        | 1.4771          | 3.3853     | 0.0539       | 10.81       | 15.60       | 1.4771         | 0.8631        | 7.77        | 12.67       |
| Oct        | 1.2357          | 2.6138     | 0.0593       | 8.45        | 12.48       | 1.2357         | 0.8640        | 7.78        | 11.83       |
| Nov        | 1.1582          | 2.0696     | 0.0565       | 6.75        | 10.57       | 1.1582         | 0.8625        | 7.76        | 11.54       |
| Dec        | 0.9804          | 2.0615     | 0.0539       | 6.71        | 9.91        | 0.9804         | 0.8570        | 7.71        | 10.87       |
| Jan 2000   | 0.9366          | 2.1677     | 0.0503       | 7.02        | 10.05       | 0.9366         | 0.8574        | 7.72        | 10.73       |
| Feb        | 0.9588          | 1.9849     | 0.0432       | 6.41        | 9.54        | 0.9588         | 0.8565        | 7.71        | 10.80       |
| Mar        | 1.0191          | 1.9166     | 0.0424       | 6.19        | 9.54        | 1.0191         | 0.8553        | 7.70        | 11.00       |

# Producer Prices

| Month/Year | Producer Price Differential | Statistical Uniform Price (at 3.50%) | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|-----------------------------|--------------------------------------|-----------------|---------------|--------------------|---------------------|----------------------------------|
|            | <i>cwt.</i>                 | <i>cwt.</i>                          | <i>lb.</i>      | <i>lb.</i>    | <i>lb.</i>         | <i>cwt.</i>         | <i>cwt.</i>                      |
| Jan 2000   | \$0.43                      | \$10.48                              | \$0.9366        | \$2.1677      | \$0.0503           | \$0.00058           |                                  |
| Feb        | 0.56                        | 10.10                                | 0.9588          | 1.9849        | 0.0432             | 0.00055             |                                  |
| Mar        | 0.64                        | 10.18                                | 1.0191          | 1.9166        | 0.0424             | 0.00055             |                                  |
| Apr        |                             |                                      |                 |               |                    |                     |                                  |
| May        |                             |                                      |                 |               |                    |                     |                                  |
| Jun        |                             |                                      |                 |               |                    |                     |                                  |
| Jul        |                             |                                      |                 |               |                    |                     |                                  |
| Aug        |                             |                                      |                 |               |                    |                     |                                  |
| Sep        |                             |                                      |                 |               |                    |                     |                                  |
| Oct        |                             |                                      |                 |               |                    |                     |                                  |
| Nov        |                             |                                      |                 |               |                    |                     |                                  |
| Dec        |                             |                                      |                 |               |                    |                     |                                  |
| Jan 2001   |                             |                                      |                 |               |                    |                     |                                  |

\* Prices prior to January 2000 are estimated.

# Summary of Federal Order Data - March 2000

| Federal Order Number / Name | Producer Deliveries    | Class I Producer Receipts | Class I Utilization | Class I Price | Producer Price Differential | Statistical Uniform Price at 3.50% |
|-----------------------------|------------------------|---------------------------|---------------------|---------------|-----------------------------|------------------------------------|
|                             | <i>Thousand Pounds</i> | <i>Thousand Pounds</i>    | <i>Percent</i>      |               | <i>Dollars per Cwt.</i>     |                                    |
| 1 Northeast                 | 2,182,379              | 915,877                   | 42.0                | \$ 14.09      | \$ 2.85                     | \$ 12.39                           |
| 5 Appalachian               | 593,201                | 379,954                   | 64.1                | 13.94         | n/a                         | 13.15                              |
| 6 Florida                   | 270,661                | 236,388                   | 87.3                | 14.84         | n/a                         | 14.47                              |
| 7 Southeast                 | 681,379                | 425,455                   | 62.4                | 13.94         | n/a                         | 12.83                              |
| <b>30 Upper Midwest</b>     | <b>2,260,589</b>       | <b>367,943</b>            | <b>16.3</b>         | <b>12.64</b>  | <b>0.64</b>                 | <b>10.18</b>                       |
| 32 Central                  | 1,318,780              | 419,091                   | 31.8                | 12.84         | 2.14                        | 11.68                              |
| 33 Mideast                  | 1,057,525              | 549,648                   | 50.3                | 12.84         | 1.98                        | 11.52                              |
| 124 Pacific Northwest       | 594,153                | 183,764                   | 30.9                | 12.74         | 1.63                        | 11.17                              |
| 126 Southwest               | 820,958                | 345,574                   | 42.1                | 13.84         | 2.36                        | 11.90                              |
| 131 Arizona-Las Vegas       | 286,582                | 86,293                    | 30.1                | 13.19         | n/a                         | 11.28                              |
| 135 Western                 | 367,225                | 92,267                    | 25.1                | 12.74         | 1.48                        | 11.02                              |
| All Market Total or Average | 10,541,585             | 4,038,688                 | 38.3                |               |                             |                                    |

n/a = Not applicable.

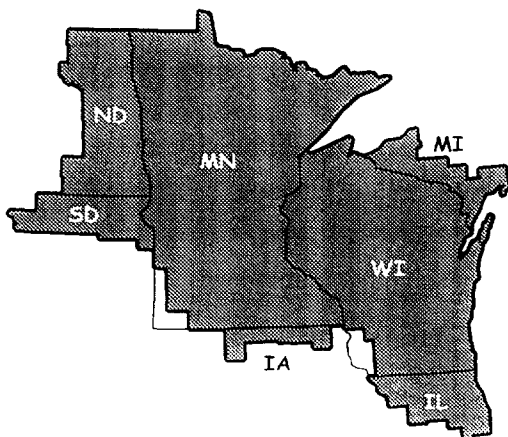
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*Upper Midwest Marketing Area*



# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

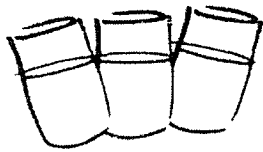
Volume 1, Issue 2

Upper Midwest Marketing Area, Federal Order No. 30

March 2000

### Special points of interest:

- February Producer Price Differential - \$0.56 / cwt.
- February Statistical Uniform Price - \$10.10 / cwt.



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for the calcium you need

### Inside this issue:

|  | Page |
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| Distributing Plant Units                   | 2    |
| Supply Plant Systems                       | 2    |
| Computation of Producer Price Differential | 4    |
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| Commodity Prices and Market Statistics     | 6    |
| Class Prices and Producer Prices           | 7    |

## Forward Contract Pilot Program

The Consolidated Appropriations Act, 2000, required the Secretary of Agriculture to establish a temporary pilot program for forward contracting of milk. On March 1, USDA published a proposed rule for the implementation of a forward pricing program in the *Federal Register*. Under the new pilot program, dairy farmers and cooperatives who market their milk under Federal milk marketing orders will be able to enter into forward pricing contracts with proprietary handlers who purchase their milk.

Interested persons had until March 16 to submit comments on these proposed provisions. USDA is expected to issue the final provisions in the near future.

The pilot program will only apply to federally regulated milk used for manufactured dairy products. Fluid milk

(Class I) is not eligible for forward contracting under the pilot program.

Under the proposed rule for the pilot program, a handler will be able to enter into forward contracts with dairy farmers and cooperative associations for any milk receipts that do not exceed the handler's manufacturing uses of milk for the month. For the volume of milk covered by forward contracts, a handler is exempt from paying minimum Federal order price(s) to producers and cooperative associations. Instead, prices as agreed to in the forward contract will be paid.

Requirements of the proposed rule include:

- The first contract may not exceed six months.
- The contract must be signed before the month for which it would be effective and received by

the Market Administrator by the 15<sup>th</sup> of the first month.

- The contract must give producers the opportunity to change his or her mind within three days of signing the contract.
- The contract must be accompanied by a disclosure statement signed by each producer or cooperative and dated the same day as the contract.

These provisions are intended to help producers become familiar with a new method for pricing their milk and managing risk. A USDA Fact Sheet also provides useful guidelines and tips that producers should consider in deciding whether to enter into a forward contract. The Fact Sheet is available from any market administrator, or can be downloaded from the AMS web site, at: [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy).

## Producer Price Differential is 56¢

The producer price differential for the Upper Midwest Order for February 2000 is 56¢ per cwt., resulting in a statistical uniform price of \$10.10 per cwt., down 38¢ from January. The decline resulted primarily from lower cheese prices.

Producer milk in February

2000 totaled 2.3 billion pounds, down 0.3% on a daily basis from January. During the month, 22,874 producers delivered to the market with an average daily delivery of 3,491 pounds.

Class I use in February totaled 339 million pounds, up 3.2% on a daily basis from

January. The increase resulted primarily from an increase in disposition of fluid milk products on routes. During the month, Class I usage accounted for 14.9% of producer milk.

Market statistics for February are shown on pages 4 and 5.

## Distributing Plant Units

Distributing plants (bottling plants) are defined in § 1030.5, with performance requirements defined in § 1030.7(a) and (b). These performance requirements can be met as a "unit", as defined in § 1030.7(e).

At least one of the plants in the unit must qualify as a distributing plant, with

the other plants using at least 50% of their milk processing Class I or Class II products.

This unit pooling provision allows shipments to the any of the plants in the unit to count as qualifying shipments by the shipping (supply) plant system.

All plants in a distributing plant unit must be operated by the same handler.

The following distributing plants requested unit pooling effective February 1, 2000. These units will continue from month-to-month until further notice.

### Unit A

- Dean Foods Company - Belvidere, IL
- Dean Foods Company - Chemung, IL
- Dean Foods Company - Huntley, IL
- Dean Foods Company - Rockford, IL

### Unit B

- Marigold Foods, Inc. - Cedarburg, WI
- Marigold Foods, Inc. - Farmington, MN
- Marigold Foods, Inc. - Minneapolis, MN
- Marigold Foods, Inc. - Rochester, MN

## Supply Plant Systems

Supply plants are defined in § 1030.6, with performance requirements defined in § 1030.7(c). In general, supply plants are required to ship 10% of their receipts to bottling plants.

These performance requirements can be met as a "system", as defined in § 1030.7(f).

This provision allows two or more supply plants operated by one or more handlers to qualify for pooling by meeting the shipping requirements in the same manner as a single plant. In other words, an individual plant in a system does not need to qualify on its own, as long as the system as a whole qualifies. Supply plants in a system generally

must be located in the marketing area.

The following supply plants requested system pooling for the period of February through July 2000.

Thereafter, systems will be formed annually for the 12-month period of August through July.

### System A

- Associated Milk Producers, Inc. - Turtle Lake, WI
- Associated Milk Producers, Inc. - Jim Falls, WI
- Associated Milk Producers, Inc. - Paynesville, MN
- Associated Milk Producers, Inc. - Blair, WI
- Associated Milk Producers, Inc. - Glencoe, MN
- Associated Milk Producers, Inc. - New Prague, MN
- Associated Milk Producers, Inc. - Pelican Rapids, MN

### System D

- Dairy Farmers of America, Inc. - Zumbrota, MN
- Dairy Farmers of America, Inc. - Winsted, MN
- Cady Cheese Factory, Inc. - Wilson, WI
- Alto Dairy Cooperative - Waupun, WI
- Alto Dairy Cooperative - Black Creek, WI
- Dairy Farmers of America, Inc. - Germantown, WI
- Dairy Farmers of America, Inc. - Fond du Lac, WI

### System B

- The First District Association - Litchfield, MN
- Bongards' Creameries - Bongards, MN

### System E

- Dean Milk Procurement Company - Janesville, WI
- Sorrento Lactalis, Inc. - Arpin, WI
- Weyauwega Milk Products, Inc. - Weyauwega, WI
- Weyauwega Milk Products, Inc. - Little Chute, WI
- White Clover Dairy, Inc. - Hollandtown, WI
- Wisconsin Dairy State Cheese Company, Inc. - Rudolph, WI

### System C

- Cass-Clay Creamery, Inc. - Jamestown, ND
- Cass-Clay Creamery, Inc. - New Salem, ND



**System E (continued)**

- Lynn Dairy, Inc. – Granton, WI
- Nasonville Dairy, Inc. – Marshfield, WI
- The Antigo Cheese Company – Antigo, WI
- BelGioioso Cheese, Inc. – Denmark, WI
- BelGioioso Cheese, Inc. – Pulaski, WI
- Berner Cheese Corporation – Rock City, IL
- LaGrander’s Hillside Dairy, Inc. – Stanley, WI
- ConAgra Grocery Products – Menomonie, WI
- Edelweiss Cheese Co., Inc. – Marshfield, WI
- Mullins Cheese, Inc. – Mosinee, WI
- Schneider Cheese, Inc. – Waldo, WI
- Zimmerman Cheese, Inc. – Wiota, WI
- Gad Cheese, Inc. – Medford, WI
- North Hendren Co-op Dairy Co. – Willard, WI
- Cedar Grove Cheese, Inc. – Plain, WI
- Cedar Valley Cheese, Inc. – Belgium, WI
- Dean Milk Procurement Company – Shullsburg, WI

**System F**

- Foremost Farms USA, Cooperative – Elkhorn, WI
- Sartori Food Corporation – Plymouth, WI
- Family Dairies USA – Kewaskum, WI
- NFO, Inc. – South Wayne, WI
- Morningstar Foods, Inc. – Madison, WI
- Foremost Farms USA, Cooperative – Sauk City, WI
- Grande Cheese Company – Brownsville, WI
- NFO, Inc. – Fond du Lac, WI
- Coulee Region Organic Produce Pool – Chaseburg, WI
- Foremost Farms USA, Cooperative – Appleton, WI
- NFO, Inc. – Sauk City, WI
- NFO, Inc. – Taylor, WI

**System F (continued)**

- Chula Vista Cheese Co. – Browntown, WI
- Eau Galle Cheese Factory, Inc. – Durand, WI
- F & A Dairy Products, Inc. – Dresser, WI
- Badger Dairies, Inc. – Turtle Lake, WI
- Grand Meadow Cooperative Dairy Company – Stratford, WI
- Foremost Farms USA, Cooperative – Alma Center, WI
- Foremost Farms USA, Cooperative – Wilson, WI

**System G**

- Land O’Lakes, Inc. – Kiel, WI
- Land O’Lakes, Inc. – Denmark, WI
- Land O’Lakes, Inc. – Greenwood, WI
- Land O’Lakes, Inc. – Pine Island, MN
- Land O’Lakes, Inc. – Caledonia, MN
- Kraft Foods Inc. – Melrose, MN
- Land O’Lakes, Inc. – Perham, MN

**System H**

- Mid-West Dairymen’s Company – Rockford, IL
- Kolb-Lena Bresse Bleu, Inc. – Lena, IL
- Kraft Foods Inc. – Beaver Dam, WI
- Stockton Cheese, Inc. – Stockton, IL
- Krohn Dairy Products, Inc. – Luxemburg, WI
- Westby Cooperative Creamery – Westby, WI

**System I**

- Swiss Valley Farms Company – Soldiers Grove, WI
- Swiss Valley Farms Company – Platteville, WI
- Klondike Cheese Company – Monroe, WI

## Upper Midwest Pool Statistics – February 2000

| Producer Milk                    |             |                         |                                     |                      |                                  |                                  |                    |
|----------------------------------|-------------|-------------------------|-------------------------------------|----------------------|----------------------------------|----------------------------------|--------------------|
| Market Class I Differential Rate | Pool Plants | Received at Pool Plants | Diverted to Pool and Nonpool Plants | Total                | Location Adjustment to Producers | Class I Differential to Handlers |                    |
| Cwt.                             | Number      |                         | Pounds                              |                      | Value                            | Pounds                           | Value              |
| \$1.80                           | 5           | 44,797,047              | 9,087,139                           | 53,884,186           | \$ 0                             | 45,354,015                       | \$ 816,372         |
| \$1.75                           | 47          | 329,843,402             | 612,870,407                         | 942,713,809          | 471,357                          | 158,149,027                      | 2,767,608          |
| \$1.70                           | 47          | 229,882,746             | 930,312,421                         | 1,160,195,167        | 1,160,195                        | 115,039,769                      | 1,955,676          |
| \$1.65                           | 8           | 29,740,891              | 78,761,893                          | 108,502,784          | 162,754                          | 20,852,787                       | 344,071            |
| Restricted                       | 0           | 0                       | 3,357,037                           | 3,357,037            | 6,496                            | 0                                | 0                  |
| <b>Total</b>                     | <b>107</b>  | <b>634,264,086</b>      | <b>1,634,388,897</b>                | <b>2,268,652,983</b> | <b>\$1,800,803</b>               | <b>339,395,598</b>               | <b>\$5,883,727</b> |

# Computation of Producer Price Differential — February 2000

|  |   | Utilization<br>Percentage | Product<br>Pounds | Component<br>Pounds | Rate          | Value                   |
|--|---|---------------------------|-------------------|---------------------|---------------|-------------------------|
| <b>Class I</b>   | Differential Value  |                           |                   |                     |               | \$ 5,883,727.37         |
|  | Product   | 14.9%                     | 339,395,598       |                     |               |                         |
|  | Skim Milk   |                           |                   | 334,115,727         | \$ 7.7200     | 25,793,734.12           |
|  | Butterfat   |                           |                   | 5,279,871           | 0.9302        | 4,911,336.00            |
| <b>Class II</b>  | Product   | 3.4%                      | 76,630,990        |                     |               |                         |
|  | Nonfat Solids   |                           |                   | 6,273,219           | 0.9356        | 5,869,223.71            |
|  | Butterfat   |                           |                   | 7,240,513           | 0.9658        | 6,992,887.45            |
| <b>Class III</b>   | Product   | 81.1%                     | 1,839,860,315     |                     |               |                         |
|  | Protein   |                           |                   | 55,720,581          | 1.9849        | 110,599,781.24          |
|  | Other Solids  |                           |                   | 104,637,188         | 0.0432        | 4,520,326.53            |
|  | Butterfat   |                           |                   | 67,599,335          | 0.9588        | 64,814,242.38           |
| <b>Class IV</b>  | Product   | 0.6%                      | 12,766,080        |                     |               |                         |
|  | Nonfat Solids   |                           |                   | 640,846             | 0.8565        | 548,884.61              |
|  | Butterfat   |                           |                   | 5,682,373           | 0.9588        | 5,448,259.21            |
| SCC Adjustment (Class II, III, and IV)                           |   |                           |                   |                     |               | 329,972.92              |
| <b>Total Producer Milk *</b>                                     |   |                           | 2,268,652,983     |                     |               | \$ 235,712,375.54       |
| Add:   | Overage   |                           |                   |                     |               | 118,835.93              |
|  | Inventory Reclassified  |                           |                   |                     |               | (93,493.97)             |
|  | Other Source Milk \$.60(h)  |                           |                   |                     |               | 0.00                    |
|  | Other Source Milk \$.60(i)  |                           | 163,937           |                     |               | 4,704.99                |
| Subtract:  | Transportation Credit   |                           |                   |                     |               | 165,149.70              |
|  | Assembly Credit   |                           |                   |                     |               | 269,040.86              |
|  | Credit for Reconstituted FMP                                      |                           |                   |                     |               | 0.00                    |
|  | Producer Milk Protein   |                           |                   |                     |               | 136,138,828.56          |
|  | Producer Milk Other Solids  |                           |                   |                     |               | 5,567,336.49            |
|  | Producer Milk Butterfat   |                           |                   |                     |               | 82,267,045.78           |
|  | Producer Milk SCC Adjustment                                      |                           |                   |                     |               | 423,253.77              |
| <b>Total Milk and Value</b>                                      |   |                           | 2,268,816,920     |                     |               | \$ 10,911,767.33        |
| Add:   | Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                   |                     |               | 1,800,966.53            |
|  | One-Half Unobligated Balance Producer Settlement Fund             |                           |                   |                     |               | 907,919.99              |
| <b>Total Value</b>   |   |                           |                   |                     | 0.600342      | \$ 13,620,653.85        |
| Subtract:  | Producer Settlement Fund Reserve                                  |                           |                   |                     | 0.040340      | 915,279.10              |
| <b>Producer Price Differential (Dollars Per Cwt.--Base Zone)</b> |   |                           |                   |                     | <b>\$0.56</b> | <b>\$ 12,705,374.75</b> |

\* An estimated 47 million pounds of milk was not pooled.



# Utilization and Classification

|   | February 2000        |                   | January 2000         |
|---|----------------------|-------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |
| Packaged Disposition                      |                      |                   |                      |
| Milk                                      | 51,144,293           | 1,666,989         | 53,527,764           |
| Flavored Milk                             | 7,151,073            | 173,054           | 5,439,541            |
| Reduced Fat Milk                          | 130,723,567          | 2,605,749         | 134,968,593          |
| Lowfat Milk                               | 42,822,094           | 378,312           | 44,419,163           |
| Fat Free Milk                             | 82,679,153           | 100,813           | 86,661,786           |
| Flavored Reduced and Fat Free Milk        | 23,264,131           | 234,491           | 23,160,780           |
| Buttermilk                                | 2,059,001            | 20,819            | 2,898,416            |
| Total Packaged Disposition                | 339,843,312          | 5,180,227         | 351,076,043          |
| Total Ending Inventory                    | 26,481,683           | 415,012           | 26,644,781           |
| Bulk to Nonpool Plants                    | 2,186,541            | 43,466            | 1,918,610            |
| Shrinkage                                 | 1,393,253            | 136,892           | 2,208,829            |
| Total Class I Utilization                 | 369,904,789          | 5,775,597         | 381,848,263          |
| Other Order Plants                        | (3,574,551)          | (73,044)          | (3,749,288)          |
| Beginning Inventory                       | (26,695,939)         | (418,856)         | (28,442,810)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (943,402)            | (13,645)          | (701,583)            |
| Overage                                   | 0                    | 0                 | 0                    |
| Interhandler Adjustment                   | 704,701              | 9,819             | 2,576,556            |
| <b>Class I Producer Milk</b>              | <b>339,395,598</b>   | <b>5,279,871</b>  | <b>351,531,138</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |
| Total Class II Utilization                | 87,193,664           | 8,008,753         | 85,016,874           |
| Other Order Plants                        | --                   | --                | --                   |
| Beginning Inventory                       | (1,155,415)          | (29,707)          | (3,121,909)          |
| Reused Products                           | (8,229,412)          | (48,833)          | (10,225,591)         |
| Other Source Milk                         | (1,177,847)          | (689,700)         | (1,243,419)          |
| Overage                                   | --                   | --                | --                   |
| <b>Class II Producer Milk</b>             | <b>76,630,990</b>    | <b>7,240,513</b>  | <b>70,425,955</b>    |
| <b>Class III Utilization:</b>             |                      |                   |                      |
| Total Class III Utilization               | 1,861,922,653        | 68,372,330        | 2,006,278,550        |
| Other Order Plants                        | (2,031,272)          | (64,691)          | (2,688,029)          |
| Beginning Inventory                       | (8,625,094)          | (279,466)         | (15,710,254)         |
| Reused Products                           | 0                    | 0                 | 0                    |
| Other Source Milk                         | (11,347,578)         | (423,030)         | (19,077,458)         |
| Overage                                   | (58,394)             | (5,808)           | (19,141)             |
| <b>Class III Producer Milk</b>            | <b>1,839,860,315</b> | <b>67,599,335</b> | <b>1,968,783,668</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |
| Total Class IV Utilization                | 42,556,286           | 7,206,878         | 66,820,096           |
| Other Order Plants                        | (2,303,762)          | (126,700)         | (8,618,930)          |
| Beginning Inventory                       | (19,869,774)         | (1,050,824)       | --                   |
| Reused Products                           | 0                    | 0                 | --                   |
| Other Source Milk                         | (7,137,791)          | (279,869)         | (15,106,388)         |
| Overage                                   | (478,879)            | (67,112)          | (1,203,662)          |
| <b>Class IV Producer Milk</b>             | <b>12,766,080</b>    | <b>5,682,373</b>  | <b>41,891,116</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>2,268,652,983</b> | <b>85,802,092</b> | <b>2,432,631,877</b> |

-- Restricted information

## Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |          |          |          |          |          | Weighted Two-Week Average NASS Prices * |          |          |          |          |          |
|------------|--|----------|----------|----------|----------|----------|---|----------|----------|----------|----------|----------|
|            | Blocks                                 | Barrels  | Average  | Butter   | NFDM     | Dry Whey | Blocks                                  | Barrels  | Average  | Butter   | NFDM     | Dry Whey |
|            | <i>Dollars per Pound</i>               |          |          |          |          |          | <i>Dollars per Pound</i>                |          |          |          |          |          |
| Feb 1999   | \$1.3010                               | \$1.2575 | \$1.2925 | \$1.2984 | \$1.0359 | \$0.1897 | \$1.2992                                | \$1.2415 | \$1.2824 | \$1.2957 | \$1.0411 | \$0.1909 |
| Mar        | 1.3092                                 | 1.2749   | 1.3064   | 1.3019   | 1.0169   | 0.1917   | 1.3071                                  | 1.2748   | 1.3056   | 1.3437   | 1.0180   | 0.1913   |
| Apr        | 1.3131                                 | 1.2823   | 1.3126   | 1.0160   | 1.0071   | 0.1845   | 1.3146                                  | 1.2859   | 1.3154   | 1.0032   | 1.0056   | 0.1842   |
| May        | 1.2661                                 | 1.2123   | 1.2499   | 1.0781   | 1.0069   | 0.1739   | 1.2895                                  | 1.2222   | 1.2639   | 0.9960   | 1.0055   | 0.1748   |
| Jun        | 1.2747                                 | 1.2502   | 1.2786   | 1.4609   | 1.0046   | 0.1711   | 1.2391                                  | 1.2134   | 1.2422   | 1.4352   | 1.0067   | 0.1717   |
| Jul        | 1.4702                                 | 1.4232   | 1.4583   | 1.3793   | 1.0054   | 0.1724   | 1.4673                                  | 1.4199   | 1.4548   | 1.3705   | 1.0058   | 0.1724   |
| Aug        | 1.7213                                 | 1.6822   | 1.7154   | 1.3683   | 1.0089   | 0.1810   | 1.6900                                  | 1.6522   | 1.6849   | 1.4208   | 1.0087   | 0.1773   |
| Sep        | 1.8023                                 | 1.6286   | 1.7084   | 1.3252   | 1.0174   | 0.1892   | 1.8770                                  | 1.7310   | 1.8008   | 1.3324   | 1.0155   | 0.1872   |
| Oct        | 1.4388                                 | 1.3415   | 1.3934   | 1.1273   | 1.0183   | 0.1944   | 1.4851                                  | 1.3841   | 1.4359   | 1.1439   | 1.0188   | 0.1920   |
| Nov        | 1.2143                                 | 1.1713   | 1.2058   | 1.0637   | 1.0168   | 0.1917   | 1.2583                                  | 1.2188   | 1.2521   | 1.0695   | 1.0184   | 0.1901   |
| Dec        | 1.1319                                 | 1.1096   | 1.1371   | 0.9179   | 1.0111   | 0.1892   | 1.1191                                  | 1.1008   | 1.1268   | 0.9220   | 1.0125   | 0.1870   |
| Jan 2000   | 1.1417                                 | 1.1279   | 1.1517   | 0.8820   | 1.0115   | 0.1857   | 1.1652                                  | 1.1416   | 1.1696   | 0.8768   | 1.0114   | 0.1859   |
| Feb        | 1.1028                                 | 1.0793   | 1.1067   | 0.9002   | 1.0106   | 0.1788   | 1.1054                                  | 1.0804   | 1.1084   | 0.9105   | 1.0104   | 0.1800   |

| Month/Year | Chicago Mercantile Exchange |              |               |          |          |          |          |  |
|------------|-----------------------------|--------------|---------------|----------|----------|----------|----------|--|
|            | Butter Prices               |              | Cheese Prices |          | NFDM     |          | Dry Whey |  |
|            | Grade AA **                 | 40 lb. Block | Barrel        | Central  | Western  | Central  | Western  |  |
|            | <i>Dollars per Pound</i>    |              |               |          |          |          |          |  |
| Feb 1999   | \$1.3153                    | \$1.3189     | \$1.2847      | \$1.0437 | \$1.0257 | \$0.1875 | \$0.2013 |  |
| Mar        | 1.2927                      | 1.3300       | 1.2964        | 1.0239   | 1.0100   | 0.1863   | 0.1963   |  |
| Apr        | 1.0298                      | 1.3224       | 1.2739        | 1.0228   | 1.0009   | 0.1726   | 0.1882   |  |
| May        | 1.1289                      | 1.2389       | 1.2059        | 1.0228   | 1.0000   | 0.1638   | 0.1750   |  |
| Jun        | 1.4931                      | 1.3974       | 1.3572        | 1.0139   | 0.9998   | 0.1737   | 0.1709   |  |
| Jul        | 1.3444                      | 1.6307       | 1.5618        | 1.0172   | 1.0012   | 0.1809   | 0.1780   |  |
| Aug        | 1.3963                      | 1.8943       | 1.7865        | 1.0384   | 1.0124   | 0.1972   | 0.1835   |  |
| Sep        | 1.3393                      | 1.6183       | 1.4996        | 1.0486   | 1.0183   | 0.2079   | 0.1902   |  |
| Oct        | 1.1248                      | 1.3031       | 1.2656        | 1.0451   | 1.0175   | 0.1938   | 0.1994   |  |
| Nov        | 1.0725                      | 1.1435       | 1.1251        | 1.0343   | 1.0109   | 0.1834   | 0.2041   |  |
| Dec        | 0.9163                      | 1.1545       | 1.1475        | 1.0168   | 1.0039   | 0.1865   | 0.2004   |  |
| Jan 2000   | 0.9090                      | 1.1285       | 1.1101        | 1.0090   | 1.0038   | 0.1811   | 0.1911   |  |
| Feb        | 0.9245                      | 1.1090       | 1.0910        | 1.0025   | 1.0024   | 0.1751   | 0.1799   |  |

## Market Statistics

| Month/Year | Distributing  | Supply | Coop 9(c) | Total           | Average Daily | Butterfat      | Protein | Other        | Weighted |           |
|------------|---------------|--------|-----------|-----------------|---------------|----------------|---------|--------------|----------|-----------|
|            | Plants        | Plants | Handlers  |                 |               |                |         |              |          | Producers |
|            | <i>Number</i> |        |           | <i>Mil. lbs</i> | <i>Pounds</i> | <i>Percent</i> |         | <i>(000)</i> |          |           |
| Jan 2000   | 29            | 84     | 12        | 22,923          | 2,433         | 3,486          | 3.81    | 3.05         | 5.66     | 308       |
| Feb        | 28            | 79     | 11        | 22,874          | 2,269         | 3,491          | 3.78    | 3.02         | 5.68     | 316       |
| Mar        |               |        |           |                 |               |                |         |              |          |           |
| Apr        |               |        |           |                 |               |                |         |              |          |           |
| May        |               |        |           |                 |               |                |         |              |          |           |
| Jun        |               |        |           |                 |               |                |         |              |          |           |
| Jul        |               |        |           |                 |               |                |         |              |          |           |
| Aug        |               |        |           |                 |               |                |         |              |          |           |
| Sep        |               |        |           |                 |               |                |         |              |          |           |
| Oct        |               |        |           |                 |               |                |         |              |          |           |
| Nov        |               |        |           |                 |               |                |         |              |          |           |
| Dec        |               |        |           |                 |               |                |         |              |          |           |
| Jan 2001   |               |        |           |                 |               |                |         |              |          |           |

\* NASS = National Agricultural Statistics Service, USDA. \*\* Prices prior to January 2000 are FMMA reported prices.

# Class Prices \*

| Month/Year | Class I Price Mover |           |         | Class I Price at Cook County, IL |           |         | Class II Price |               |           |         |
|------------|---------------------|-----------|---------|----------------------------------|-----------|---------|----------------|---------------|-----------|---------|
|            | Butterfat           | Skim Milk | 3.50%   | Butterfat                        | Skim Milk | 3.50%   | Butterfat      | Nonfat Solids | Skim Milk | 3.50%   |
|            | lb.                 | cwt.      | cwt.    | lb.                              | cwt.      | cwt.    | lb.            | lb.           | cwt.      | cwt.    |
| Feb 1999   | \$1.5884            | \$11.75   | \$16.90 | \$1.6064                         | \$13.55   | \$18.70 | \$1.4514       | \$0.9944      | \$ 8.95   | \$13.72 |
| Mar        | 1.4411              | 7.98      | 12.74   | 1.4591                           | 9.78      | 14.54   | 1.4557         | 0.9644        | 8.68      | 13.47   |
| Apr        | 1.4996              | 7.77      | 12.75   | 1.5176                           | 9.57      | 14.55   | 1.1070         | 0.9411        | 8.47      | 12.05   |
| May        | 1.0844              | 8.16      | 11.67   | 1.1024                           | 9.96      | 13.47   | 1.1827         | 0.9289        | 8.36      | 12.21   |
| Jun        | 1.0756              | 7.66      | 11.16   | 1.0936                           | 9.46      | 12.96   | 1.6496         | 0.9289        | 8.36      | 13.84   |
| Jul        | 1.6112              | 7.67      | 13.04   | 1.6292                           | 9.47      | 14.84   | 1.5500         | 0.9300        | 8.37      | 13.50   |
| Aug        | 1.5323              | 7.79      | 12.88   | 1.5503                           | 9.59      | 14.68   | 1.5366         | 0.9300        | 8.37      | 13.46   |
| Sep        | 1.5937              | 10.03     | 15.26   | 1.6117                           | 11.83     | 17.06   | 1.4841         | 0.9322        | 8.39      | 13.29   |
| Oct        | 1.4859              | 11.75     | 16.54   | 1.5039                           | 13.55     | 18.34   | 1.2427         | 0.9389        | 8.45      | 12.50   |
| Nov        | 1.2560              | 8.81      | 12.90   | 1.2740                           | 10.61     | 14.70   | 1.1652         | 0.9422        | 8.48      | 12.26   |
| Dec        | 1.1652              | 7.78      | 11.59   | 1.1832                           | 9.58      | 13.39   | 0.9874         | 0.9422        | 8.48      | 11.64   |
| Jan 2000   | 0.9854              | 7.72      | 10.90   | 1.0034                           | 9.52      | 12.70   | 0.9436         | 0.9356        | 8.42      | 11.43   |
| Feb        | 0.9302              | 7.72      | 10.71   | 0.9482                           | 9.52      | 12.51   | 0.9658         | 0.9356        | 8.42      | 11.51   |
| Mar        | 0.9713              | 7.71      | 10.84   | 0.9893                           | 9.51      | 12.64   |                | 0.9344        | 8.41      |         |

| Month/Year | Class III Price |          |              |           |         | Class IV Price |               |           |         |
|------------|-----------------|----------|--------------|-----------|---------|----------------|---------------|-----------|---------|
|            | Butterfat       | Protein  | Other Solids | Skim Milk | 3.50%   | Butterfat      | Nonfat Solids | Skim Milk | 3.50%   |
|            | lb.             | lb.      | lb.          | cwt.      | cwt.    | lb.            | lb.           | cwt.      | cwt.    |
| Feb 1999   | \$1.4444        | \$2.0006 | \$0.0544     | \$ 6.52   | \$11.35 | \$1.4444       | \$0.8813      | \$ 7.93   | \$12.71 |
| Mar        | 1.4487          | 2.0428   | 0.0565       | 6.67      | 11.51   | 1.4487         | 0.8626        | 7.76      | 12.56   |
| Apr        | 1.1000          | 2.5104   | 0.0491       | 8.07      | 11.64   | 1.1000         | 0.8530        | 7.68      | 11.26   |
| May        | 1.1757          | 2.1984   | 0.0381       | 7.04      | 10.91   | 1.1757         | 0.8528        | 7.68      | 11.53   |
| Jun        | 1.6426          | 1.6992   | 0.0352       | 5.48      | 11.04   | 1.6426         | 0.8506        | 7.66      | 13.14   |
| Jul        | 1.5430          | 2.4431   | 0.0366       | 7.79      | 12.92   | 1.5430         | 0.8514        | 7.66      | 12.79   |
| Aug        | 1.5296          | 3.3421   | 0.0455       | 10.63     | 15.61   | 1.5296         | 0.8548        | 7.69      | 12.77   |
| Sep        | 1.4771          | 3.3853   | 0.0539       | 10.81     | 15.60   | 1.4771         | 0.8631        | 7.77      | 12.67   |
| Oct        | 1.2357          | 2.6138   | 0.0593       | 8.45      | 12.48   | 1.2357         | 0.8640        | 7.78      | 11.83   |
| Nov        | 1.1582          | 2.0696   | 0.0565       | 6.75      | 10.57   | 1.1582         | 0.8625        | 7.76      | 11.54   |
| Dec        | 0.9804          | 2.0615   | 0.0539       | 6.71      | 9.91    | 0.9804         | 0.8570        | 7.71      | 10.87   |
| Jan 2000   | 0.9366          | 2.1677   | 0.0503       | 7.02      | 10.05   | 0.9366         | 0.8574        | 7.72      | 10.73   |
| Feb        | 0.9588          | 1.9849   | 0.0432       | 6.41      | 9.54    | 0.9588         | 0.8565        | 7.71      | 10.80   |

# Producer Prices

| Month/Year | Producer Price | Statistical Uniform Price | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price |
|------------|----------------|---------------------------|-----------------|---------------|--------------------|---------------------|------------------------|
|            | Differential   | (at 3.50%)                |                 |               |                    |                     | (at test)              |
|            | cwt            | cwt.                      | lb.             | lb.           | lb.                | cwt.                | cwt.                   |
| Jan 2000   | \$ 0.43        | \$10.48                   | \$0.9366        | \$2.1677      | \$0.0503           | 0.00058             |                        |
| Feb        | \$ 0.56        | \$10.10                   | \$0.9588        | \$1.9849      | \$0.0432           | 0.00055             |                        |
| Mar        |                |                           |                 |               |                    |                     |                        |
| Apr        |                |                           |                 |               |                    |                     |                        |
| May        |                |                           |                 |               |                    |                     |                        |
| Jun        |                |                           |                 |               |                    |                     |                        |
| Jul        |                |                           |                 |               |                    |                     |                        |
| Aug        |                |                           |                 |               |                    |                     |                        |
| Sep        |                |                           |                 |               |                    |                     |                        |
| Oct        |                |                           |                 |               |                    |                     |                        |
| Nov        |                |                           |                 |               |                    |                     |                        |
| Dec        |                |                           |                 |               |                    |                     |                        |
| Jan 2001   |                |                           |                 |               |                    |                     |                        |

\* Prices prior to January 2000 are estimated.

# Summary of Federal Order Data — February 2000

| Federal Order<br>Number / Name | Producer<br>Deliveries | Class I<br>Producer<br>Receipts | Class I<br>Utilization | Class I<br>Price | Producer<br>Price<br>Differential | Statistical<br>Uniform<br>Price at<br>3.5% |
|--------------------------------|------------------------|---------------------------------|------------------------|------------------|-----------------------------------|--|
|                                |                        |                                 |                        |                  |                                   |  |
| 1 Northeast                    | 2,034,365              | 840,450                         | 41.3                   | \$ 13.96         | \$ 2.67                           | \$ 12.21                                   |
| 5 Appalachian                  | 492,333                | 344,025                         | 69.9                   | 13.81            | n/a                               | 13.13                                      |
| 6 Florida                      | 243,677                | 220,592                         | 90.5                   | 14.71            | n/a                               | 14.40                                      |
| 7 Southeast                    | 632,550                | 399,062                         | 63.1                   | 13.81            | n/a                               | 12.74                                      |
| <b>30 Upper Midwest</b>        | <b>2,268,653</b>       | <b>339,396</b>                  | <b>14.9</b>            | <b>12.51</b>     | <b>0.56</b>                       | <b>10.10</b>                               |
| 32 Central                     | 1,038,566              | 396,142                         | 38.1                   | 12.71            | 1.46                              | 11.00                                      |
| 33 Mideast                     | 1,057,525              | 549,648                         | 52.0                   | 12.71            | 1.98                              | 11.52                                      |
| 124 Pacific Northwest          | 549,472                | 169,442                         | 30.8                   | 12.61            | 1.52                              | 11.06                                      |
| 126 Southwest                  | 790,020                | 321,099                         | 40.6                   | 13.71            | 2.28                              | 11.82                                      |
| 131 Arizona-Las Vegas          | 271,919                | 81,311                          | 29.9                   | 13.06            | n/a                               | 11.09                                      |
| 135 Western                    | 302,554                | 83,587                          | 27.6                   | 12.61            | 1.39                              | 10.93                                      |
| All Market Total or Average    | 9,681,634              | 3,744,754                       | 38.7                   |                  |                                   |  |

n/a = Not applicable.

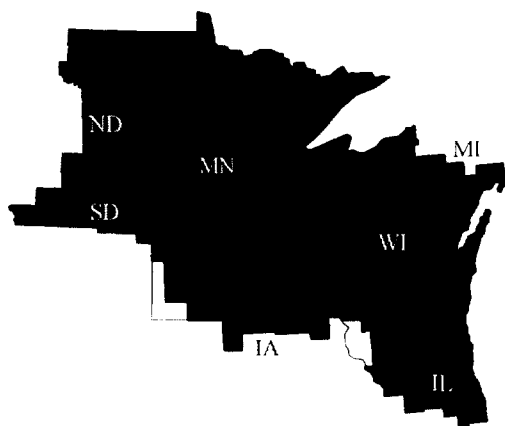
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# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

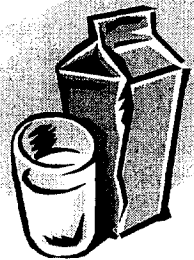
Volume I, Issue I

Upper Midwest Marketing Area, Federal Order No. 30

February 2000

### Special points of interest:

- January Producer Price Differential -- \$0.43 / cwt.
- January Statistical Uniform Price -- \$10.48 / cwt.



### Inside this issue:

|   |   |
|---|---|
| End of the Butterfat Differential                     | 2 |
| Marketing Service and Administrative Assessment Rates | 2 |
| 1999 U.S. Milk Production Up 3.4%                     | 3 |
| Class Prices and Producer Prices                      | 5 |
| Computation of Producer Price Differential            | 6 |
| Utilization and Classification                        | 7 |

## Redesigned Newsletter

With Federal order reform effective on January 1, 2000, the former Upper Midwest and Chicago Regional Federal milk orders were merged to form the Upper Midwest Marketing Area, Federal Order 30.

As a result, our monthly newsletters have also been merged and redesigned. The result is the "Upper Midwest Dairy

News", of which this is the first issue.

The *Upper Midwest Dairy News* will generally be 8 pages in length and will be a blend of articles and statistics designed to keep you informed of major events in this market and the U.S. dairy industry as a whole. Most of the statistical categories will ap-

pear regularly and will be consistent from month to month.

We anticipate that the *Dairy News* will be mailed by about the 24<sup>th</sup> day each month to those who request it. In addition, the *Dairy News* will be available on our website at: [WWW.FMMAMPLS.COM](http://WWW.FMMAMPLS.COM) by about the 18<sup>th</sup> day each month.

## USDA Hearing on Class III and IV Prices

The Consolidated Appropriations Act, 2000, requires the Secretary of Agriculture to conduct a formal rulemaking proceeding to reconsider the Class III and Class IV milk pricing formulas included in the final rule for the consolidation and reform of Federal milk orders. The formulas resulting from the required proceeding are to be implemented on January 1, 2001.

Consequently, USDA is requesting that interested parties submit proposals to modify the computation of Class III and Class IV prices adopted in the final rule published in the Federal Register on September 1, 1999 (64 Fed. Reg. 47897-48021) by February 29, 2000. It is anticipated that such a hearing would be held in late April or early May 2000.

The legislation requiring the hearing describes the proceeding as an emergency. It

**"USDA is requesting that interested persons submit proposals to modify the computation of Class III and Class IV prices . . ."**

should be noted that an emergency rulemaking proceeding omits a recommended decision with the opportunity to file comments thereon. The potential omission of a recommended decision will be an issue that will be considered at the hearing.

In addition to the Class III and Class IV prices adopted in the final rule, the hearing will consider proposals that address changes to any of the factors such as the specifica-

tion of the products whose prices are identified, the yield factors, and the make allowances included in the computation of the component prices.

Two copies of the proposals should be mailed to: Deputy Administrator, Dairy Programs, Agricultural Marketing Service, United States Department of Agriculture, Room 2968, South Building, P.O. Box 96456, Washington, D.C. 20090-6456, by February 29, 2000.

Each proposal should be accompanied by a brief but comprehensive statement on the justification for the proposed changes. The statement will be used in deciding whether the proposals should be considered at the hearing. Those proposing changes to the Class III and Class IV price calculations contained in

(Continued on page 2)

(Continued from page 1)

the final rule should plan to support their proposals with data, as well as arguments, at the hearing.

A hearing would be limited to the proposals included in a hearing notice. However, appropriate modifications of the proposals included in the notice also may be considered at the hearing if the modifications would not increase the scope of the hearing.

All known interested persons will be mailed a copy of the hearing notice when one is issued. Anyone who desires to present evidence on proposals set forth in the hearing notice will have an opportunity to do so at the hearing.

Once a hearing notice is issued and until issuance of a final decision, Department employees involved in the decisional process may not discuss the merits of a proceeding on an ex parte basis with any persons having an interest in the proceeding. For this purpose, the market administrator and staff are considered to be involved in the decisional process. Thus, it is suggested that any discussions that you may wish to have with Department personnel regarding hearing proposals be initiated soon. Procedural matters may be discussed at any time.

If you have any questions concerning the filing of the proposals or desire a copy of the final rule for the consolidation and reform of Federal milk orders, please contact this office.

## End of the Butterfat Differential

For many years, Federal milk order prices were announced on a hundredweight basis at 3.5% butterfat. A butterfat differential was then used to adjust the hundredweight price of milk from the "standard" test of 3.5% butterfat to a hundredweight price for the milk at the actual test. This conversion was possible since the butterfat differential was the difference in value between a tenth of a pound of butterfat and a tenth of a pound of skim milk.

Beginning in January 2000, Federal order reform implemented a new pricing system in all Federal orders. As a result, the butterfat differential is no longer necessary, since the value of milk is determined by multiplying the pounds of components times the respective component prices.

### Handler Obligations

The Upper Midwest Order has a multiple component pricing system (MCP). In calculating a handler's minimum value of milk in each class, the following components are used:

#### Class I

Pounds of Skim Milk  
Pounds of Butterfat

#### Class II

Pounds of Nonfat Solids  
Pounds of Butterfat

#### Class III

Pounds of Protein  
Pounds of Other Solids  
Pounds of Butterfat

#### Class IV

Pounds of Nonfat Solids  
Pounds of Butterfat

An adjustment is made to the value of milk in Class II, Class III and Class IV for the somatic cell count (SCC).

The same components are priced in each Federal order that has MCP pricing. In Federal orders that don't have MCP, prices in each class are based on pounds of skim milk and pounds of butterfat.

The value for each of the components and for skim milk is determined using wholesale selling prices for butter, nonfat dry milk, cheese and whey powder. These wholesale commodity prices are converted by formula into a value for the individual component.

### Payments to Producers

Payments to producers in the Upper Midwest Order were not changed by Federal order reform. Minimum payments continue to be based on the pounds of protein, other solids and butterfat as well a producer price differential applied to the hundredweight of milk. An adjustment is also made for the SCC of the milk in making payment to producers.

## Marketing Service and Administrative Assessment Rates

The Marketing Service deduction rate for the Upper Midwest Marketing Area, Federal Order No. 30 is 7.0 cents per cwt.

The deduction is provided for in §1030.86 of the Federal order. This money is used by the Market Administrator to verify or establish weights, samples and tests of producer milk and provide market information for producers who are not receiving such services from a cooperative association. The Market

Administrator shall perform the services in whole or in part.

In cases where these services are being performed by a cooperative association, handlers make deductions from payments to producers as authorized by the cooperative's membership agreement or marketing contract. This money is paid to the cooperative on or before the 15th day after the end of the month.

The Administrative Assessment rate for

the Upper Midwest Marketing Area, Federal Order No. 30 is 4.0 cents per cwt.

The assessment is provided for in §1030.85 of the Federal order. This assessment represents the handler's pro rata share of the expense of administering the order.

Both the marketing service and administrative assessment rates are effective beginning with milk delivered to handlers during January 2000.



# 1999 U.S. Milk Production Up 3.4 Percent

## 1999 Milk Production

In 1999, the annual production of milk for the U.S. was 162.7 billion pounds, 3.4 percent above 1998. This was the third consecutive year of increased milk production and a new record high.

Production per cow in the U.S. averaged 17,771 pounds for 1999, 582 pounds above 1998. The average annual rate of milk production per cow has increased 20 percent since 1990.

The average number of milk cows on farms in the U.S. during 1999 was 9.16 million head, down slightly from 1998.

Milk production in the top 5 states in the U.S. is shown in the table above and the graph to the right.

pounds, up 4.7 percent from production in these same states in January 1999.

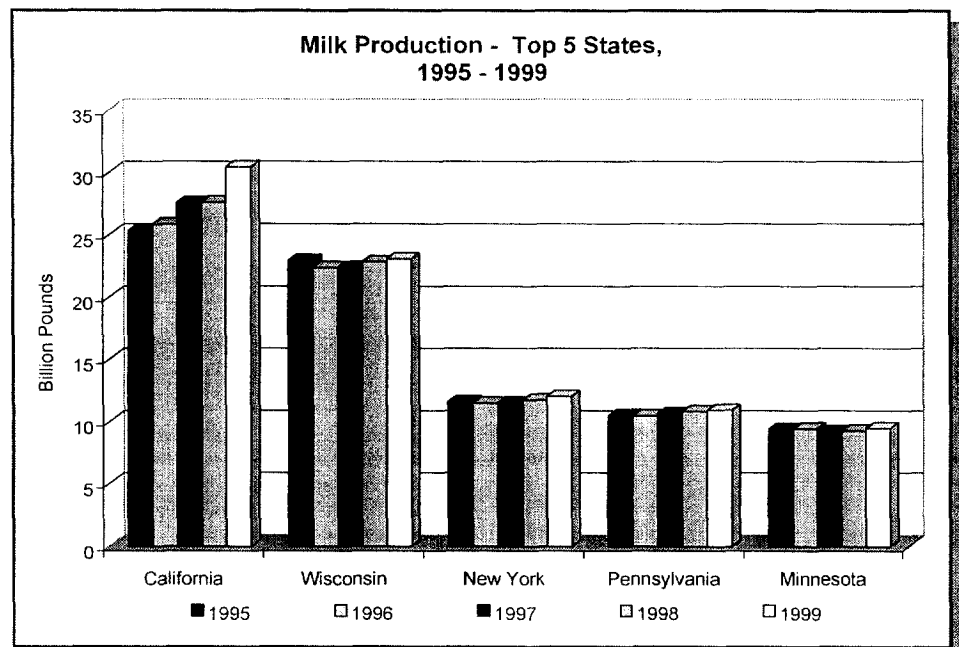
Production per cow in the 20 major states averaged 1,576 pounds for January, 58 pounds above January 1999.

The number of cows on farms in the 20 major states was 7.76 million head, 69,000 head more than January 1999 and 6,000 head more than December 1999.

Milk Production - Top 5 States and U.S.

| State         | 1999 Milk Production | Change from 1998 |
|---------------|----------------------|------------------|
|               | Mil. lbs.            | Percent          |
| California    | 30,475               | +10.2            |
| Wisconsin     | 23,071               | + 1.0            |
| New York      | 12,040               | + 2.5            |
| Pennsylvania  | 10,931               | + 0.8            |
| Minnesota     | 9,478                | + 2.2            |
| United States | 162,711              | + 3.4            |

**1999 Milk Production up 2.2 percent in Minnesota, up 1.0 percent in Wisconsin**



## January Milk Production

Milk production in the 20 major states during January totaled 12.2 billion

# Upper Midwest Pool Statistics

## Pool Statistics by Zone for January 2000

| Market Class I Differential Rate |             | Producer Milk           |                                     |                      | Location Adjustment to Producers | Class I Differential to Handlers |                    |
|----------------------------------|-------------|-------------------------|-------------------------------------|----------------------|----------------------------------|----------------------------------|--------------------|
| Cwt.                             | Pool Plants | Received at Pool Plants | Diverted to Pool and Nonpool Plants | Total                | Value                            | Pounds                           | Value              |
|                                  | Number      |                         | Pounds                              |                      |                                  |                                  |                    |
| \$1.80                           | 5           | 47,180,562              | 8,349,670                           | 55,530,232           | \$ 0                             | 44,952,798                       | \$ 809,150         |
| \$1.75                           | 49          | 403,853,832             | 599,524,773                         | 1,003,378,605        | 501,689                          | 164,036,962                      | 2,870,647          |
| \$1.70                           | 50          | 307,830,929             | 944,765,911                         | 1,252,596,840        | 1,252,597                        | 121,393,632                      | 2,063,692          |
| \$1.65                           | 9           | 32,215,009              | 84,953,496                          | 117,168,505          | 175,753                          | 21,147,746                       | 348,938            |
| Restricted                       | 0           | 0                       | 3,957,695                           | 3,957,695            | 6,470                            | 0                                | 0                  |
| <b>Total</b>                     | <b>113</b>  | <b>791,080,332</b>      | <b>1,641,551,545</b>                | <b>2,432,631,877</b> | <b>\$1,936,509</b>               | <b>351,531,138</b>               | <b>\$6,092,427</b> |

# Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |          |          |          |          |          | Weighted Two-Week Average NASS Prices * |          |          |          |          |          |
|------------|--|----------|----------|----------|----------|----------|---|----------|----------|----------|----------|----------|
|            | Blocks                                 | Barrels  | Average  | Butter   | NFDM     | Dry Whey | Blocks                                  | Barrels  | Average  | Butter   | NFDM     | Dry Whey |
|            | <i>Dollars per Pound</i>               |          |          |          |          |          | <i>Dollars per Pound</i>                |          |          |          |          |          |
| Jan 1999   | \$1.7595                               | \$1.6703 | \$1.7225 | \$1.4154 | \$1.0637 | \$0.2137 | \$1.8472                                | \$1.7727 | \$1.8198 | \$1.4165 | \$1.0715 | \$0.2213 |
| Feb        | 1.3010                                 | 1.2575   | 1.2925   | 1.2984   | 1.0359   | 0.1897   | 1.2992                                  | 1.2415   | 1.2824   | 1.2957   | 1.0411   | 0.1909   |
| Mar        | 1.3092                                 | 1.2749   | 1.3064   | 1.3019   | 1.0169   | 0.1917   | 1.3071                                  | 1.2748   | 1.3056   | 1.3437   | 1.0180   | 0.1913   |
| Apr        | 1.3131                                 | 1.2823   | 1.3126   | 1.0160   | 1.0071   | 0.1845   | 1.3146                                  | 1.2859   | 1.3154   | 1.0032   | 1.0056   | 0.1842   |
| May        | 1.2661                                 | 1.2123   | 1.2499   | 1.0781   | 1.0069   | 0.1739   | 1.2895                                  | 1.2222   | 1.2639   | 0.9960   | 1.0055   | 0.1748   |
| Jun        | 1.2747                                 | 1.2502   | 1.2786   | 1.4609   | 1.0046   | 0.1711   | 1.2391                                  | 1.2134   | 1.2422   | 1.4352   | 1.0067   | 0.1717   |
| Jul        | 1.4702                                 | 1.4232   | 1.4583   | 1.3793   | 1.0054   | 0.1724   | 1.4673                                  | 1.4199   | 1.4548   | 1.3705   | 1.0058   | 0.1724   |
| Aug        | 1.7213                                 | 1.6822   | 1.7154   | 1.3683   | 1.0089   | 0.1810   | 1.6900                                  | 1.6522   | 1.6849   | 1.4208   | 1.0087   | 0.1773   |
| Sep        | 1.8023                                 | 1.6286   | 1.7084   | 1.3252   | 1.0174   | 0.1892   | 1.8770                                  | 1.7310   | 1.8008   | 1.3324   | 1.0155   | 0.1872   |
| Oct        | 1.4388                                 | 1.3415   | 1.3934   | 1.1273   | 1.0183   | 0.1944   | 1.4851                                  | 1.3841   | 1.4359   | 1.1439   | 1.0188   | 0.1920   |
| Nov        | 1.2143                                 | 1.1713   | 1.2058   | 1.0637   | 1.0168   | 0.1917   | 1.2583                                  | 1.2188   | 1.2521   | 1.0695   | 1.0184   | 0.1901   |
| Dec        | 1.1319                                 | 1.1096   | 1.1371   | 0.9179   | 1.0111   | 0.1892   | 1.1191                                  | 1.1008   | 1.1268   | 0.9220   | 1.0125   | 0.1870   |
| Jan 2000   | 1.1417                                 | 1.1279   | 1.1517   | 0.8820   | 1.0115   | 0.1857   | 1.1652                                  | 1.1416   | 1.1696   | 0.8768   | 1.0114   | 0.1859   |

| Month/Year | Chicago Mercantile Exchange |              |               |          |          |          |          |  |
|------------|-----------------------------|--------------|---------------|----------|----------|----------|----------|--|
|            | Butter Prices               |              | Cheese Prices |          | NFDM     |          | Dry Whey |  |
|            | Grade AA                    | 40 lb. Block | Barrel        | Central  | Western  | Central  | Western  |  |
|            | <i>Dollars per Pound</i>    |              |               |          |          |          |          |  |
| Jan 1999   | \$1.4222                    | \$1.4929     | \$1.4217      | \$1.0893 | \$1.0528 | \$0.2026 | \$0.2216 |  |
| Feb        | 1.3153                      | 1.3189       | 1.2847        | 1.0437   | 1.0257   | 0.1875   | 0.2013   |  |
| Mar        | 1.2927                      | 1.3300       | 1.2964        | 1.0239   | 1.0100   | 0.1863   | 0.1963   |  |
| Apr        | 1.0298                      | 1.3224       | 1.2739        | 1.0228   | 1.0009   | 0.1726   | 0.1882   |  |
| May        | 1.1289                      | 1.2389       | 1.2059        | 1.0228   | 1.0000   | 0.1638   | 0.1750   |  |
| Jun        | 1.4931                      | 1.3974       | 1.3572        | 1.0139   | 0.9998   | 0.1737   | 0.1709   |  |
| Jul        | 1.3444                      | 1.6307       | 1.5618        | 1.0172   | 1.0012   | 0.1809   | 0.1780   |  |
| Aug        | 1.3963                      | 1.8943       | 1.7865        | 1.0384   | 1.0124   | 0.1972   | 0.1835   |  |
| Sep        | 1.3393                      | 1.6183       | 1.4996        | 1.0486   | 1.0183   | 0.2079   | 0.1902   |  |
| Oct        | 1.1248                      | 1.3031       | 1.2656        | 1.0451   | 1.0175   | 0.1938   | 0.1994   |  |
| Nov        | 1.0725                      | 1.1435       | 1.1251        | 1.0343   | 1.0109   | 0.1834   | 0.2041   |  |
| Dec        | 0.9163                      | 1.1545       | 1.1475        | 1.0168   | 1.0039   | 0.1865   | 0.2004   |  |
| Jan 2000   | 0.9090                      | 1.1285       | 1.1101        | 1.0090   | 1.0038   | 0.1811   | 0.1911   |  |

# Market Statistics

| Month/Year | Distributing  | Supply | Coop (c) | Total          | Average Daily | Butterfat      | Protein | Other        | Weighted |           |
|------------|---------------|--------|----------|----------------|---------------|----------------|---------|--------------|----------|-----------|
|            | Plants        | Plants | Handlers |                |               |                |         |              |          | Producers |
|            | <i>Number</i> |        |          | <i>Mil lbs</i> | <i>Pounds</i> | <i>Percent</i> |         | <i>(000)</i> |          |           |
| Jan 2000   | 29            | 84     | 12       | 22,923         | 2,433         | 3,486          | 3.81    | 3.05         | 5.66     | 308       |
| Feb        |               |        |          |                |               |                |         |              |          |           |
| Mar        |               |        |          |                |               |                |         |              |          |           |
| Apr        |               |        |          |                |               |                |         |              |          |           |
| May        |               |        |          |                |               |                |         |              |          |           |
| Jun        |               |        |          |                |               |                |         |              |          |           |
| Jul        |               |        |          |                |               |                |         |              |          |           |
| Aug        |               |        |          |                |               |                |         |              |          |           |
| Sep        |               |        |          |                |               |                |         |              |          |           |
| Oct        |               |        |          |                |               |                |         |              |          |           |
| Nov        |               |        |          |                |               |                |         |              |          |           |
| Dec        |               |        |          |                |               |                |         |              |          |           |
| Jan 2001   |               |        |          |                |               |                |         |              |          |           |

\* NASS = National Agricultural Statistics Service, USDA.

# Class Prices \*

| Month/Year | Class I Price Mover |           |         | Class I Price at Cook County, IL |           |         | Class II Price |               |           |         |
|------------|---------------------|-----------|---------|----------------------------------|-----------|---------|----------------|---------------|-----------|---------|
|            | Butterfat           | Skim Milk | 3.50%   | Butterfat                        | Skim Milk | 3.50%   | Butterfat      | Nonfat Solids | Skim Milk | 3.50%   |
|            | lb.                 | cwt.      | cwt.    | lb.                              | cwt.      | cwt.    | lb.            | lb.           | cwt.      | cwt.    |
| Jan 1999   | \$1.4523            | \$12.81   | \$17.44 | \$1.4703                         | \$14.61   | \$19.24 | \$1.5941       | \$1.0056      | \$ 9.05   | \$14.31 |
| Feb        | 1.5884              | 11.75     | 16.90   | 1.6064                           | 13.55     | 18.70   | 1.4514         | 0.9944        | 8.95      | 13.72   |
| Mar        | 1.4411              | 7.98      | 12.74   | 1.4591                           | 9.78      | 14.54   | 1.4557         | 0.9644        | 3.68      | 13.47   |
| Apr        | 1.4996              | 7.77      | 12.75   | 1.5176                           | 9.57      | 14.55   | 1.1070         | 0.9411        | 8.47      | 12.05   |
| May        | 1.0844              | 8.16      | 11.67   | 1.1024                           | 9.96      | 13.47   | 1.1827         | 0.9289        | 8.36      | 12.21   |
| Jun        | 1.0756              | 7.66      | 11.16   | 1.0936                           | 9.46      | 12.96   | 1.6496         | 0.9289        | 8.36      | 13.84   |
| Jul        | 1.6112              | 7.67      | 13.04   | 1.6292                           | 9.47      | 14.84   | 1.5500         | 0.9300        | 8.37      | 13.50   |
| Aug        | 1.5323              | 7.79      | 12.88   | 1.5503                           | 9.59      | 14.68   | 1.5366         | 0.9300        | 8.37      | 13.46   |
| Sep        | 1.5937              | 10.03     | 15.26   | 1.6117                           | 11.83     | 17.06   | 1.4841         | 0.9322        | 8.39      | 13.29   |
| Oct        | 1.4859              | 11.75     | 16.54   | 1.5039                           | 13.55     | 18.34   | 1.2427         | 0.9389        | 8.45      | 12.50   |
| Nov        | 1.2560              | 8.81      | 12.90   | 1.2740                           | 10.61     | 14.70   | 1.1652         | 0.9422        | 8.48      | 12.26   |
| Dec        | 1.1652              | 7.78      | 11.59   | 1.1832                           | 9.58      | 13.39   | 0.9874         | 0.9422        | 8.48      | 11.64   |
| Jan 2000   | 0.9854              | 7.72      | 10.90   | 1.0034                           | 9.52      | 12.70   | 0.9436         | 0.9356        | 8.42      | 11.43   |
| Feb        | 0.9302              | 7.72      | 10.71   | 0.9482                           | 9.52      | 12.51   |                | 0.9356        | 8.42      |         |

| Month/Year | Class III Price |          |              |           |         | Class IV Price |               |           |         |
|------------|-----------------|----------|--------------|-----------|---------|----------------|---------------|-----------|---------|
|            | Butterfat       | Protein  | Other Solids | Skim Milk | 3.50%   | Butterfat      | Nonfat Solids | Skim Milk | 3.50%   |
|            | lb.             | lb.      | lb.          | cwt.      | cwt.    | lb.            | lb.           | cwt.      | cwt.    |
| Jan 1999   | \$1.5871        | \$3.2928 | \$0.0792     | \$10.67   | \$15.85 | \$1.5871       | \$0.9085      | \$ 8.18   | \$13.45 |
| Feb        | 1.4444          | 2.0006   | 0.0544       | 6.52      | 11.35   | 1.4444         | 0.8813        | 7.93      | 12.71   |
| Mar        | 1.4487          | 2.0428   | 0.0565       | 6.67      | 11.51   | 1.4487         | 0.8626        | 7.76      | 12.56   |
| Apr        | 1.1000          | 2.5104   | 0.0491       | 8.07      | 11.64   | 1.1000         | 0.8530        | 7.68      | 11.26   |
| May        | 1.1757          | 2.1984   | 0.0381       | 7.04      | 10.91   | 1.1757         | 0.8528        | 7.68      | 11.53   |
| Jun        | 1.6426          | 1.6992   | 0.0352       | 5.48      | 11.04   | 1.6426         | 0.8506        | 7.66      | 13.14   |
| Jul        | 1.5430          | 2.4431   | 0.0366       | 7.79      | 12.92   | 1.5430         | 0.8514        | 7.66      | 12.79   |
| Aug        | 1.5296          | 3.3421   | 0.0455       | 10.63     | 15.61   | 1.5296         | 0.8548        | 7.69      | 12.77   |
| Sep        | 1.4771          | 3.3853   | 0.0539       | 10.81     | 15.60   | 1.4771         | 0.8631        | 7.77      | 12.67   |
| Oct        | 1.2357          | 2.6138   | 0.0593       | 8.45      | 12.48   | 1.2357         | 0.8640        | 7.78      | 11.83   |
| Nov        | 1.1582          | 2.0696   | 0.0565       | 6.75      | 10.57   | 1.1582         | 0.8625        | 7.76      | 11.54   |
| Dec        | 0.9804          | 2.0615   | 0.0539       | 6.71      | 9.91    | 0.9804         | 0.8570        | 7.71      | 10.87   |
| Jan 2000   | 0.9366          | 2.1677   | 0.0503       | 7.02      | 10.05   | 0.9366         | 0.8574        | 7.72      | 10.73   |

# Producer Prices

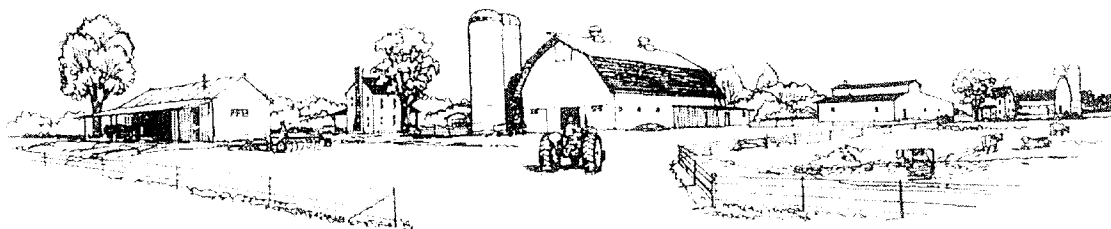
| Month/Year | Producer Price Differential | Statistical Uniform Price (at 3.50%) | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|-----------------------------|--------------------------------------|-----------------|---------------|--------------------|---------------------|----------------------------------|
|            | cwt.                        | cwt.                                 | lb.             | lb.           | lb.                | cwt.                | cwt.                             |
| Jan 2000   | \$ 0.43                     | \$10.48                              | \$0.9366        | \$2.1677      | \$0.0503           | \$0.00058           |                                  |
| Feb        |                             |                                      |                 |               |                    |                     |                                  |
| Mar        |                             |                                      |                 |               |                    |                     |                                  |
| Apr        |                             |                                      |                 |               |                    |                     |                                  |
| May        |                             |                                      |                 |               |                    |                     |                                  |
| Jun        |                             |                                      |                 |               |                    |                     |                                  |
| Jul        |                             |                                      |                 |               |                    |                     |                                  |
| Aug        |                             |                                      |                 |               |                    |                     |                                  |
| Sep        |                             |                                      |                 |               |                    |                     |                                  |
| Oct        |                             |                                      |                 |               |                    |                     |                                  |
| Nov        |                             |                                      |                 |               |                    |                     |                                  |
| Dec        |                             |                                      |                 |               |                    |                     |                                  |
| Jan 2001   |                             |                                      |                 |               |                    |                     |                                  |

\* Prices prior to January 2000 are estimated.

# Computation of Producer Price Differential January 2000

|   | Utilization<br>Percentage | Product<br>Pounds | Component<br>Pounds | Rate          | Value                   |
|---|---------------------------|-------------------|---------------------|---------------|-------------------------|
| <b>Class I</b>  |                           |                   |                     |               |                         |
| Differential Value  |                           |                   |                     |               | \$ 6,092,426.78         |
| Product   | 14.5%                     | 351,531,138       |                     |               |                         |
| Skim Milk   |                           |                   | 346,127,936         | \$ 7.7200     | 26,721,076.64           |
| Butterfat   |                           |                   | 5,403,202           | 0.9854        | 5,324,315.27            |
| <b>Class II</b>   |                           |                   |                     |               |                         |
| Product   | 2.9%                      | 70,425,955        |                     |               |                         |
| Nonfat Solids   |                           |                   | 5,772,360           | 0.9356        | 5,400,620.00            |
| Butterfat   |                           |                   | 6,612,884           | 0.9436        | 6,239,917.31            |
| <b>Class III</b>  |                           |                   |                     |               |                         |
| Product   | 80.9%                     | 1,968,783,668     |                     |               |                         |
| Protein   |                           |                   | 60,012,500          | 2.1677        | 130,089,096.25          |
| Other Solids  |                           |                   | 111,480,794         | 0.0503        | 5,607,483.92            |
| Butterfat   |                           |                   | 74,404,984          | 0.9366        | 69,687,707.97           |
| <b>Class IV</b>   |                           |                   |                     |               |                         |
| Product   | 1.7%                      | 41,891,116        |                     |               |                         |
| Nonfat Solids   |                           |                   | 3,222,790           | 0.8574        | 2,763,220.12            |
| Butterfat   |                           |                   | 6,298,473           | 0.9366        | 5,899,149.82            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                   |                     |               | 475,565.30              |
| <b>Total Producer Milk *</b>                                      |                           | 2,432,631,877     |                     |               | \$ 264,300,579.38       |
| Add:  |                           |                   |                     |               |                         |
| Overage   |                           |                   |                     |               | 193,288.33              |
| Inventory Reclassified  |                           |                   |                     |               | 59,499.15               |
| Other Source Milk \$.60(h)  |                           |                   |                     |               | 0.00                    |
| Other Source Milk \$.60(i)  |                           | 153,750           |                     |               | 3,920.63                |
| Subtract:   |                           |                   |                     |               |                         |
| Transportation Credit   |                           |                   |                     |               | 183,915.96              |
| Assembly Credit   |                           |                   |                     |               | 279,003.36              |
| Credit for Reconstituted FMP                                      |                           |                   |                     |               | 0.00                    |
| Producer Milk Protein   |                           |                   |                     |               | 160,734,781.59          |
| Producer Milk Other Solids  |                           |                   |                     |               | 6,926,558.76            |
| Producer Milk Butterfat   |                           |                   |                     |               | 86,841,123.94           |
| Producer Milk SCC Adjustment                                      |                           |                   |                     |               | 589,842.91              |
| <b>Total Milk and Value</b>                                       |                           | 2,432,785,627     |                     |               | \$ 9,002,060.97         |
| Add:  |                           |                   |                     |               |                         |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                   |                     |               | 1,936,663.15            |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                   |                     |               | 700,174.86              |
| <b>Total Value</b>  |                           |                   |                     | 0.478419      | \$ 11,638,898.98        |
| Subtract:   |                           |                   |                     |               |                         |
| Producer Settlement Fund Reserve                                  |                           |                   |                     | 0.048419      | 1,177,920.78            |
| <b>Producer Price Differential (Dollars Per Cwt.--Base Zone)</b>  |                           |                   |                     | <b>\$0.43</b> | <b>\$ 10,460,978.20</b> |

\* An estimated 44 million pounds of milk was not pooled.



# Utilization and Classification

|   | <b>January 2000</b>   |                         |
|---|-----------------------|-------------------------|
|   | <b>Product Pounds</b> | <b>Butterfat Pounds</b> |
| <b>Class I Utilization:</b>               |                       |                         |
| Packaged Disposition                      |                       |                         |
| Milk                                      | 53,527,764            | 1,741,565               |
| Flavored Milk                             | 5,439,541             | 170,287                 |
| Reduced Fat Milk                          | 134,968,593           | 2,651,740               |
| Lowfat Milk                               | 44,419,163            | 444,092                 |
| Fat Free Milk                             | 86,661,786            | 88,227                  |
| Flavored Reduced and Fat Free Milk        | 23,160,780            | 223,225                 |
| Buttermilk                                | <u>2,898,416</u>      | <u>29,756</u>           |
| <b>Total Packaged Disposition</b>         | <b>351,076,043</b>    | <b>5,348,892</b>        |
| Total Ending Inventory                    | 26,644,781            | 416,822                 |
| Bulk to Nonpool Plants                    | 1,918,610             | 34,730                  |
| Shrinkage                                 | <u>2,208,829</u>      | <u>97,422</u>           |
| <b>Total Class I Utilization</b>          | <b>381,848,263</b>    | <b>5,897,866</b>        |
| Other Order Plants                        | (3,749,288)           | (78,166)                |
| Beginning Inventory                       | (28,442,810)          | (454,420)               |
| Reused Products                           | 0                     | 0                       |
| Other Source Milk                         | (701,583)             | (7,964)                 |
| Overage                                   | 0                     | 0                       |
| Interhandler Adjustment                   | <u>2,576,556</u>      | <u>45,886</u>           |
| <b>Class I Producer Milk</b>              | <b>351,531,138</b>    | <b>5,403,202</b>        |
| <b>Class II Utilization:</b>              |                       |                         |
| Total Class II Utilization                | 85,016,874            | 7,606,055               |
| Other Order Plants                        | --                    | --                      |
| Beginning Inventory                       | (3,121,909)           | (305,248)               |
| Reused Products                           | (10,225,591)          | (148,936)               |
| Other Source Milk                         | (1,243,419)           | (538,987)               |
| Overage                                   | --                    | --                      |
| <b>Class II Producer Milk</b>             | <b>70,425,955</b>     | <b>6,612,884</b>        |
| <b>Class III Utilization:</b>             |                       |                         |
| Total Class III Utilization               | 2,006,278,550         | 75,709,338              |
| Other Order Plants                        | (2,688,029)           | (92,059)                |
| Beginning Inventory                       | (15,710,254)          | (729,711)               |
| Reused Products                           | 0                     | 0                       |
| Other Source Milk                         | (19,077,458)          | (472,754)               |
| Overage                                   | <u>(19,141)</u>       | <u>(9,830)</u>          |
| <b>Class III Producer Milk</b>            | <b>1,968,783,668</b>  | <b>74,404,984</b>       |
| <b>Class IV Utilization:</b>              |                       |                         |
| Total Class IV Utilization                | 66,820,096            | 9,230,349               |
| Other Order Plants                        | (8,618,930)           | (350,176)               |
| Beginning Inventory                       | --                    | --                      |
| Reused Products                           | --                    | --                      |
| Other Source Milk                         | (15,106,388)          | (2,511,645)             |
| Overage                                   | <u>(1,203,662)</u>    | <u>(70,055)</u>         |
| <b>Class IV Producer Milk</b>             | <b>41,891,116</b>     | <b>6,298,473</b>        |
| <b>Total Producer Milk -- All Classes</b> | <b>2,432,631,877</b>  | <b>92,719,543</b>       |

-- Restricted information.

# Summary of Federal Order Data

January 2000

| Federal Order<br>Number / Name | Producer<br>Deliveries | Class I<br>Producer<br>Receipts | Class I<br>Utilization | Class I<br>Price | Producer<br>Price<br>Differential | Uniform or<br>Statistical<br>Uniform Price<br>at 3.5% |
|--------------------------------|------------------------|---------------------------------|------------------------|------------------|-----------------------------------|---|
|                                | Thousand Pounds        |                                 | Percent                | Dollars per Cwt. |                                   |   |
| 1 Northeast                    | 2,148,026              | 905,504                         | 42.2                   | \$ 14.15         | \$ 2.30                           | \$ 12.35  |
| 5 Appalachian                  | 506,005                | 385,894                         | 76.3                   | 14.00            | n/a                               | 13.32   |
| 6 Florida                      | 255,525                | 224,785                         | 88.0                   | 14.90            | n/a                               | 14.37   |
| 7 Southeast                    | 680,199                | 426,043                         | 62.6                   | 14.00            | n/a                               | 12.82   |
| <b>30 Upper Midwest</b>        | <b>2,432,632</b>       | <b>351,531</b>                  | <b>14.5</b>            | <b>12.70</b>     | <b>0.43</b>                       | <b>10.48</b>  |
| 32 Central                     | 1,103,362              | 411,705                         | 37.3                   | 12.90            | 1.18                              | 11.23   |
| 33 Mideast                     | 1,123,688              | 584,035                         | 52.0                   | 12.90            | 1.57                              | 11.62   |
| 124 Pacific Northwest          | 581,200                | 173,700                         | 29.9                   | 12.80            | 1.06                              | 11.11   |
| 126 Southwest                  | 804,840                | 339,125                         | 42.1                   | 13.90            | 1.96                              | 12.01   |
| 131 Arizona-Las Vegas          | 269,083                | 79,031                          | 29.4                   | 13.25            | n/a                               | 11.25   |
| 135 Western                    | 322,552                | 83,942                          | 26.0                   | 12.80            | 1.06                              | 11.11   |
| All Market Average or Total    | 10,227,111             | 3,965,295                       | 38.8                   |                  |                                   |   |

n/a = Not applicable.

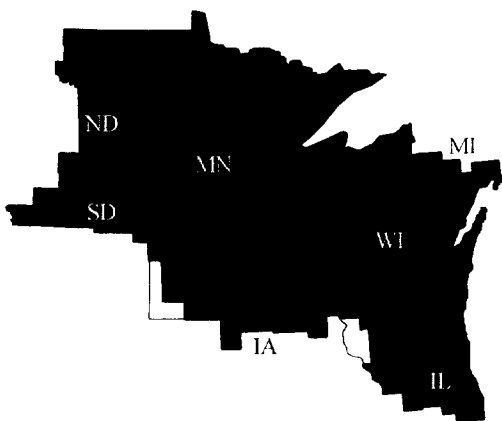
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*Upper Midwest Marketing Area*