



UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

Volume 5, Issue 3

Upper Midwest Marketing Area, Federal Order No. 30

March 2004

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Invitation to Submit Proposals

USDA recently offered interested persons an opportunity to submit proposals to amend the Upper Midwest Order. For details, see the article on Page 2.

Cheese Prices Climb to Record Levels

Prices for cheddar cheese on the Chicago Mercantile Exchange (CME) in March jumped to record high levels for the first time in nearly five years. On March 17, CME prices for barrels and 40-pound blocks of cheddar cheese were \$1.95 and \$1.97½ per pound, respectively. The cheese prices were up 48½¢ since the beginning of March and about 60¢ above mid-February.

The CME butter price on March 17 was \$2.25 per pound, up 34¢ since the start of the

month and 56½¢ above mid-February. Butter prices are at their highest levels in nearly six years.

The Federal order Class III price was \$11.89 per cwt. in February, but is expected to increase sharply the next two months. Using the CME Class III milk futures as a predictor, the price will be up more than \$2 in March and nearly \$4 more in April. A Class III price of near \$18 would be a record high, surpassing the previous high of \$17.34 set in 1998.

Richard McKee to Retire

Effective April 3, 2004, Richard M. McKee is retiring from his position as Deputy Administrator of Dairy Programs of the Agricultural Marketing Service, U.S. Department of Agriculture.

Rich was appointed to his current position in August 1994, having served for seven months in an acting capacity. As Deputy Administrator, Rich directed and provided

oversight for the Federal milk marketing order program, the dairy inspection, grading, and standards programs, the dairy market news program, and the national dairy promotion programs.

Rich began his career with USDA in late 1972 in the Atlanta, Georgia, Milk Market Administrator's office, and then moved to Washington D.C. in 1979.

Pool Summary

- In February, 16,395 producers delivered to the market with an average daily delivery of 4,294 pounds.
- Producer milk totaled 1.94 billion pounds, down 265 million pounds from January, but 215 million pounds above February 2003.
- Class I utilization totaled 355 million pounds, down 3.4% on a daily basis from January. Class I usage accounted for 18.3% of producer milk.
- The February Producer Price Differential (PPD) is \$0.47 per cwt.
- The Statistical Uniform Price is \$12.36 per cwt., up \$0.38 from January and \$2.23 above February 2003.
- Market statistics for February are shown on Pages 4 and 5.

February 2004 Producer Milk by Class

| | Percent | Product Pounds | Price \$/cwt. |
|--------------|---------|----------------------|---------------|
| Class I | 18.3 | 354,752,992 | 13.39 |
| Class II | 4.3 | 84,191,135 | 12.90 |
| Class III | 74.4 | 1,447,333,760 | 11.89 |
| Class IV | 3.0 | 57,938,993 | 12.21 |
| Total | | 1,944,216,880 | |

Proposals to Amend the Pooling Provisions of the Upper Midwest Order

USDA has received two requests for an emergency public hearing to change the pooling standards of the Upper Midwest Order. One request -- from Mid-West Dairymen's Co. on behalf of Cass-Clay Creamery, Dairy Farmers of America, Foremost Farms USA, Land O'Lakes, Mid-West Dairymen's Co., Milwaukee Cooperative Milk Producers, Manitowoc Milk Producers Cooperative, Swiss Valley Farms, and Woodstock Progressive Milk Producers (Mid-West, et al) -- proposes to limit the pooling of producer milk normally associated with the market that was not pooled in a prior month(s), and to change the pooling requirements for producer milk originating outside of the States where the Upper Midwest Marketing Area is located. Another request -- from Associated Milk Producers, Inc. (AMPI) on behalf of AMPI, Bongards' Creameries, Ellsworth Cooperative Creamery, and First District Association (AMPI, et al) -- proposes to limit the pooling of milk located long distances from Order 30.

All proponents state that minimum prices and pooling requirements have been developed to assure an adequate supply of fluid milk for the Upper Midwest market and an equal sharing of the dollars generated by the order. Both AMPI, et al, and Mid-West, et al, contend that the orderly marketing of fluid milk in Order 30 is being prevented by the pooling of milk from producers so distant from the market that they cannot be considered viable suppliers to Order 30 fluid processors. Mid-West, et al, also contends that there are inequities among producers caused by provisions that allow reserve milk, which is used solely in cheese production, to share in the benefits of pooling, but do not require such milk to pool where there is a cost, i.e., when the Class III price is above the blend price.

Copies of the proposals may be obtained from either Jack Rower, Marketing Specialist, USDA/AMS/Dairy Programs, Order Formulation and Enforcement Branch, STOP 0231-Room 2971, 1400 Independence Avenue, SW, Washington, DC 20250-0231, (202) 720-2357, e-mail: Jack.Rower@usda.gov or H. Paul Kyburz, Upper Midwest Market Administrator, 4570 West 77th Street, Suite 210, Minneapolis, MN 55435-5037, (952) 831-5292.

These proposals have not yet been approved for inclusion in a Notice of Hearing. Before deciding whether a hearing should be held, USDA is providing interested parties an opportunity to submit additional proposals regarding the pooling standards in the Upper Midwest order.

Additional proposals should be mailed to: Deputy Administrator, USDA/AMS/Dairy Programs, STOP 0225-Room 2968, 1400 Independence Avenue, SW, Washington, DC 20250-0225, by **April 30, 2004**. Each proposal should be accompanied by a brief but comprehensive statement on the need for the proposal. The statement will be used in deciding whether the proposals should be considered if a hearing to amend the order is to be held.

A hearing would be limited to proposals included in a hearing notice. However, appropriate modifications of the proposals in the hearing notice may be considered at the hearing. Any proposals that would extend regulation should be accompanied by the names and addresses of persons who proponents believe would be affected by the proposed extension and an estimate of the number of additional dairy farmers involved.

Actions under the Federal Milk Order Program are subject to the "Regulatory Flexibility Act (Act)." This Act seeks to

ensure that, within the statutory authority of a program, the regulatory and informational requirements are tailored to the size and nature of small businesses. For the purpose of the Federal Order Program, a dairy farm is a "small business" if it has an annual gross revenue of less than \$750,000 resulting in a production guideline of 500,000 pounds per month. A handler is a "small business" if they have fewer than 500 employees. If the plant is part of a larger company operating multiple plants that collectively exceed the 500-employee limit, the plant will be considered a large business even if the local plant has fewer than 500 employees. Interested persons are invited to submit hearing proposals that would carry out the intent of the Act.

If USDA concludes that a hearing should be held, all known interested persons will be mailed a copy of the hearing notice. 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 the issuance of a final decision, USDA 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 USDA 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 present order, please contact this office.

H. Paul Kyburz
Market Administrator

Tentative Final Decision on Classification Issues

The U.S. Department of Agriculture has released a tentative final decision that adopts proposals to amend classification provisions of all Federal milk marketing orders, including the Upper Midwest Order. The decision is based on the record of a public hearing held in October 2003 in Alexandria, Virginia.

This decision will change the classification of milk used to produce evaporated milk or sweetened condensed milk in consumer-type packages from Class III to Class IV.

A proposal to classify monthly bulk milk ending inventories to the lowest-priced class of Class III or Class IV is not adopted in this decision.

USDA is in the process of determining whether dairy producers approve the amended orders on an interim basis.

Comments on the decision should be sent to the Hearing Clerk, United States Department of Agriculture, STOP 9200 – Room 1083, 1400 Independence Avenue, SW, Washington, D.C. 20250-9200.

The tentative final decision was published in the March 2 *Federal Register*. Comments must be received by May 3, and will be used to formulate the final decision.

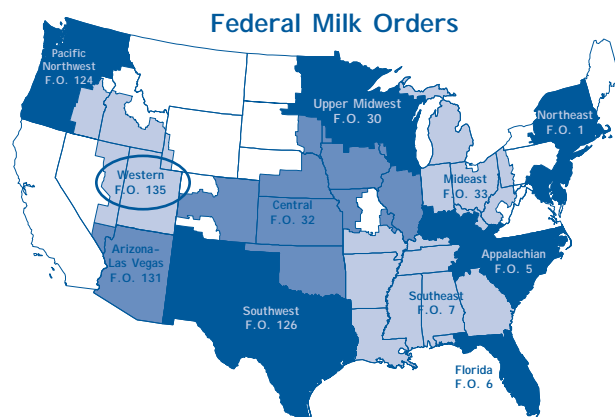
A paper copy of this decision is available by calling Harold Ferguson toll free at 1-800-301-8224, ext. 231. The decision in electronic format is available on our web page at: www.fmma30.com.

Western Federal Milk Order Terminated

The Western Milk Marketing Order will be terminated effective April 1, 2004. The notice of the termination was published in the February 24 *Federal Register*.

A referendum held to determine approval by producers did not obtain the necessary two-thirds vote in favor of adopting the amended order. Under these circumstances, the continuation of the existing Western order would not be in conformity with the Agricultural Marketing Agreement Act, the statute which authorizes milk marketing orders.

Certain administrative provisions of the order will remain in effect for a month or two to allow the market administrator time to complete plant audits and to close out the operation of the order. Once that work has been completed, USDA will terminate the remaining provisions of the order.



Upper Midwest Pool Statistics - February 2004

| Market Class I Differential Rate | Pool Plants | Received at Pool Plants | Diverted to Pool and Nonpool Plants | | Location Adjustment to Producers | Class I Differential to Handlers | |
|----------------------------------|---------------|-------------------------|-------------------------------------|---------------|----------------------------------|----------------------------------|--------------|
| | | | Pounds | Total Pounds | | Pounds | Value |
| <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 | 52,083,457 | 11,100,393 | 63,183,850 | \$ 0 | 49,676,695 | \$ 894,181 |
| \$1.75 | 41 | 209,899,560 | 424,743,200 | 634,642,760 | 317,321 | 160,330,915 | 2,805,791 |
| \$1.70 | 34 | 188,056,683 | 871,401,654 | 1,059,458,337 | 1,059,458 | 121,980,080 | 2,073,661 |
| \$1.65 | 5 | 30,820,458 | 2,787,413 | 33,607,871 | 50,412 | 22,765,302 | 375,627 |
| Other | 0 | | 153,324,062 | 153,324,062 | 246,107 | 0 | 0 |
| Total | 84 | 480,860,158 | 1,463,356,722 | 1,944,216,880 | \$1,673,298 | 354,752,992 | \$6,149,260 |

Computation of Producer Price Differential-February 2004

| | Utilization Percentage | Product Pounds | Component Pounds | Rate | Value |
|---|---------------------------|----------------------|---------------------|---------------|-------------------------|
| Class I | | | | | |
| Differential Value | | | | | \$ 6,149,260.42 |
| Product | 18.3% | 354,752,992 | | | |
| Skim Milk | | | 349,282,219 | \$ 6.5500 | 22,877,985.36 |
| Butterfat | | | 5,470,773 | 1.5044 | 8,230,230.89 |
| Class II | | | | | |
| Product | 4.3% | 84,191,135 | | | |
| Nonfat Solids | | | 6,904,459 | 0.7367 | 5,086,514.94 |
| Butterfat | | | 8,338,534 | 1.8588 | 15,499,666.99 |
| Class III | | | | | |
| Product | 74.4% | 1,447,333,760 | | | |
| Protein | | | 44,273,821 | 1.7911 | 79,298,840.77 |
| Other Solids | | | 82,257,083 | 0.0090 | 740,313.80 |
| Butterfat | | | 54,942,084 | 1.8518 | 101,741,751.18 |
| Class IV | | | | | |
| Product | 3.0% | 57,938,993 | | | |
| Nonfat Solids | | | 4,783,427 | 0.6597 | 3,155,626.76 |
| Butterfat | | | 5,318,948 | 1.8518 | 9,849,627.93 |
| SCC Adjustment (Class II, III, and IV) | | | | | 565,215.19 |
| Total Producer Milk * | | 1,944,216,880 | | | \$253,195,034.23 |
| Add: | | | | | |
| Overage | | | | | 57,992.53 |
| Inventory Reclassified | | | | | 99,727.83 |
| Other Source Milk \$.60(h) | | | | | 0.00 |
| Other Source Milk \$.60(i) | | | | | 0.00 |
| Subtract: | | | | | |
| Transportation Credit | | | | | 195,251.41 |
| Assembly Credit | | | | | 281,708.27 |
| Credit for Reconstituted FMP | | | | | 0.00 |
| Producer Milk Protein | | | | | 106,509,307.21 |
| Producer Milk Other Solids | | | | | 994,936.51 |
| Producer Milk Butterfat | | | | | 137,163,453.77 |
| Producer Milk SCC Adjustment | | | | | 700,861.88 |
| Total Milk and Value | | 1,944,216,880 | | | \$ 7,507,235.54 |
| Add: | | | | | |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk | | | | | 1,673,298.18 |
| One-Half Unobligated Balance Producer Settlement Fund | | | | | 808,066.29 |
| Total Value | | | | 0.513760 | \$ 9,988,600.01 |
| Subtract: | | | | | |
| Producer Settlement Fund Reserve | | | | 0.043760 | 850,780.67 |
| Producer Price Differential ** | | | | \$0.47 | \$ 9,137,819.34 |

* An estimated 128 million pounds of milk was not pooled.

** Producer Price Differential is dollars per cwt. at the Base Zone of Cook County, Illinois.



Utilization and Classification

| | February 2004 | | January 2004 | February 2003 |
|---|----------------------|-------------------|----------------------|----------------------|
| | Product Pounds | Butterfat Pounds | Product Pounds | Product Pounds |
| Class I Utilization: | | | | |
| Packaged Disposition | | | | |
| Milk | 55,237,300 | 1,781,226 | 61,688,257 | 50,790,753 |
| Flavored Milk | 5,572,972 | 177,360 | 5,733,181 | 5,586,813 |
| Reduced Fat Milk | 131,283,142 | 2,552,730 | 147,018,215 | 121,498,950 |
| Lowfat Milk | 44,828,506 | 436,575 | 49,895,224 | 42,230,169 |
| Fat Free Milk | 83,985,979 | 97,859 | 92,929,090 | 79,030,565 |
| Flavored Reduced and Fat Free Milk | 28,793,377 | 244,533 | 30,070,838 | 26,289,554 |
| Buttermilk | 2,305,529 | 27,005 | 2,445,585 | 2,210,615 |
| Total Packaged Disposition | 352,006,805 | 5,317,288 | 389,780,390 | 327,637,419 |
| Total Ending Inventory | 30,314,484 | 466,637 | 28,678,501 | 34,527,702 |
| Bulk to Nonpool Plants | 2,280,046 | 57,934 | 1,777,334 | 1,026,295 |
| Shrinkage | 1,645,510 | 118,171 | 3,605,977 | 2,196,848 |
| Total Class I Utilization | 386,246,845 | 5,960,030 | 423,842,202 | 365,388,264 |
| Other Order Plants | (2,491,545) | (42,284) | (2,425,353) | (9,679,814) |
| Beginning Inventory | (28,678,501) | (441,754) | (29,215,209) | (34,696,434) |
| Reused Products | 0 | 0 | 0 | 0 |
| Other Source Milk | (269,387) | (6,002) | (236,605) | (427,135) |
| Overage | -- | -- | -- | 0 |
| Interhandler Adjustment | (54,420) | 783 | 483,152 | 26,773 |
| Class I Producer Milk | 354,752,992 | 5,470,773 | 392,448,187 | 320,611,654 |
| Class II Utilization: | | | | |
| Total Class II Utilization | 93,919,888 | 8,832,118 | 131,040,531 | 52,978,016 |
| Other Order Plants | (1,031,001) | (62,926) | (678,482) | (1,854,251) |
| Beginning Inventory | (1,567,356) | (228,094) | (681,459) | (1,354,421) |
| Reused Products | (6,853,516) | (2,423) | (7,696,043) | (8,044,784) |
| Other Source Milk | (200,141) | (200,141) | (162,756) | (222,552) |
| Overage | (76,739) | 0 | -- | 0 |
| Class II Producer Milk | 84,191,135 | 8,338,534 | 121,821,791 | 41,502,008 |
| Class III Utilization: | | | | |
| Total Class III Utilization | 1,466,459,844 | 55,358,495 | 1,536,751,801 | 1,333,467,722 |
| Other Order Plants | (14,962,349) | (343,180) | (11,725,900) | (41,398,557) |
| Beginning Inventory | (2,501,975) | (45,904) | (2,272,983) | (2,785,688) |
| Reused Products | 0 | 0 | 0 | 0 |
| Other Source Milk | (1,618,748) | (24,967) | (1,259,460) | (7,087,511) |
| Overage | (43,012) | (2,360) | (52,532) | (63,335) |
| Class III Producer Milk | 1,447,333,760 | 54,942,084 | 1,521,440,926 | 1,282,132,631 |
| Class IV Utilization: | | | | |
| Total Class IV Utilization | 80,700,883 | 7,032,201 | 200,893,987 | 103,659,844 |
| Other Order Plants | (5,035,033) | (385,788) | (9,734,274) | (4,284,364) |
| Beginning Inventory | (13,413,500) | (830,230) | (14,307,313) | (8,509,123) |
| Reused Products | -- | -- | 0 | 0 |
| Other Source Milk | (4,260,096) | (473,259) | (3,338,365) | (5,932,309) |
| Overage | (53,261) | (23,976) | (17,805) | (63,803) |
| Class IV Producer Milk | 57,938,993 | 5,318,948 | 173,496,230 | 84,870,245 |
| Total Producer Milk -- All Classes | 1,944,216,880 | 74,070,339 | 2,209,207,134 | 1,729,116,538 |

-- Restricted Information

Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * | | | | | | Weighted Two-Week Average NASS Prices * | | | | | |
|------------|--|---------|---------|--------|----------|----------|---|---------|---------|--------|----------|----------|
| | Cheddar Cheese | | | Nonfat | | | Cheddar Cheese | | | Nonfat | | |
| | Blocks | Barrels | Average | Butter | Dry Milk | Dry Whey | Blocks | Barrels | Average | Butter | Dry Milk | Dry Whey |
| | <i>Dollars per Pound</i> | | | | | | <i>Dollars per Pound</i> | | | | | |
| Feb 2003 | 1.1508 | 1.0825 | 1.1299 | 1.0476 | 0.8111 | 0.1632 | 1.1549 | 1.0808 | 1.1304 | 1.0477 | 0.8108 | 0.1641 |
| Mar | 1.0725 | 1.0519 | 1.0780 | 1.0546 | 0.8051 | 0.1599 | 1.0640 | 1.0435 | 1.0697 | 1.0506 | 0.8048 | 0.1594 |
| Apr | 1.0924 | 1.0750 | 1.0997 | 1.0736 | 0.8030 | 0.1582 | 1.0804 | 1.0568 | 1.0842 | 1.0702 | 0.8032 | 0.1589 |
| May | 1.1227 | 1.1225 | 1.1394 | 1.0743 | 0.8040 | 0.1450 | 1.1264 | 1.1250 | 1.1420 | 1.0733 | 0.8043 | 0.1448 |
| Jun | 1.1400 | 1.1214 | 1.1464 | 1.0797 | 0.8040 | 0.1396 | 1.1330 | 1.1132 | 1.1387 | 1.0808 | 0.8040 | 0.1372 |
| Jul | 1.3177 | 1.3466 | 1.3497 | 1.1196 | 0.8072 | 0.1470 | 1.2435 | 1.2625 | 1.2685 | 1.1028 | 0.8062 | 0.1452 |
| Aug | 1.5332 | 1.5321 | 1.5496 | 1.1578 | 0.8105 | 0.1615 | 1.5237 | 1.5226 | 1.5396 | 1.1937 | 0.8118 | 0.1599 |
| Sep | 1.5786 | 1.5762 | 1.5940 | 1.1332 | 0.8111 | 0.1755 | 1.5745 | 1.5793 | 1.5943 | 1.1156 | 0.8094 | 0.1716 |
| Oct | 1.5781 | 1.5753 | 1.5936 | 1.1611 | 0.8109 | 0.1892 | 1.5765 | 1.5737 | 1.5921 | 1.1619 | 0.8117 | 0.1877 |
| Nov | 1.5000 | 1.4590 | 1.4941 | 1.1881 | 0.8130 | 0.1947 | 1.5430 | 1.4944 | 1.5331 | 1.1822 | 0.8153 | 0.1947 |
| Dec | 1.3551 | 1.2669 | 1.3260 | 1.2557 | 0.8070 | 0.1941 | 1.3606 | 1.2565 | 1.3227 | 1.2219 | 0.8072 | 0.1967 |
| Jan 2004 | 1.3079 | 1.2683 | 1.3023 | 1.3632 | 0.8062 | 0.1801 | 1.3026 | 1.2645 | 1.2977 | 1.3687 | 0.8051 | 0.1824 |
| Feb | 1.3165 | 1.3042 | 1.3260 | 1.6582 | 0.8064 | 0.1677 | 1.3027 | 1.2777 | 1.3054 | 1.5879 | 0.8085 | 0.1691 |

| Month/Year | Chicago Mercantile Exchange | | | | | | |
|------------|-----------------------------|----------------|---------|-----------------------------------|--------|-------------|--------|
| | Butter | Cheddar Cheese | | Nonfat Dry Milk (Low/Medium Heat) | | Whey Powder | |
| | Grade AA | Blocks | Barrels | Central & East | West | Central | West |
| | <i>Dollars per Pound</i> | | | | | | |
| Feb 2003 | 1.0405 | 1.0920 | 1.0430 | 0.8347 | 0.8444 | 0.1587 | 0.1648 |
| Mar | 1.0915 | 1.0817 | 1.0469 | 0.8375 | 0.8380 | 0.1602 | 0.1574 |
| Apr | 1.0906 | 1.1225 | 1.0902 | 0.8375 | 0.8377 | 0.1555 | 0.1495 |
| May | 1.0919 | 1.1421 | 1.1161 | 0.8375 | 0.8388 | 0.1407 | 0.1418 |
| Jun | 1.1142 | 1.1864 | 1.1562 | 0.8338 | 0.8395 | 0.1416 | 0.1400 |
| Jul | 1.1985 | 1.5123 | 1.4668 | 0.8419 | 0.8391 | 0.1558 | 0.1535 |
| Aug | 1.1708 | 1.6000 | 1.5736 | 0.8480 | 0.8414 | 0.1690 | 0.1762 |
| Sep | 1.1731 | 1.6000 | 1.5640 | 0.8500 | 0.8423 | 0.1836 | 0.1845 |
| Oct | 1.1846 | 1.5876 | 1.5364 | 0.8523 | 0.8413 | 0.1989 | 0.1902 |
| Nov | 1.2057 | 1.3932 | 1.2949 | 0.8500 | 0.8400 | 0.2026 | 0.1931 |
| Dec | 1.2969 | 1.3383 | 1.2621 | 0.8477 | 0.8388 | 0.1942 | 0.1891 |
| Jan 2004 | 1.4320 | 1.3062 | 1.2539 | 0.8366 | 0.8388 | 0.1786 | 0.1793 |
| Feb | 1.7132 | 1.3958 | 1.3586 | 0.8413 | 0.8388 | 0.1679 | 0.1716 |

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 |
|------------|------------------------|------------------|------------------------|-----------|---------------------------|--|------------------------|-------------------|-----------------|-------------------------|----------------------------|
| | | | | | Mil. lbs. | Pounds | Percent | Percent | Percent | Percent | |
| | | | | | | | | | | (000) | |
| Feb 2003 | 27 | 59 | 13 | 14,994 | 1,729 | 4,220 | 18.5 | 3.76 | 3.04 | 5.71 | 313 |
| Mar | 27 | 60 | 13 | 15,912 | 1,937 | 4,147 | 17.5 | 3.74 | 3.02 | 5.73 | 323 |
| Apr | 26 | 58 | 14 | 15,621 | 1,863 | 4,216 | 18.2 | 3.71 | 2.99 | 5.75 | 315 |
| May | 26 | 57 | 14 | 15,602 | 1,937 | 4,266 | 17.9 | 3.66 | 2.97 | 5.74 | 321 |
| Jun | 27 | 56 | 14 | 15,553 | 1,933 | 4,424 | 15.6 | 3.60 | 2.95 | 5.74 | 326 |
| Jul | 29 | 33 | 15 | 9,689 | 660 | 4,310 | 49.7 | 3.53 | 2.91 | 5.70 | 332 |
| Aug | 31 | 56 | 15 | 9,425 | 644 | 4,025 | 50.6 | 3.53 | 2.91 | 5.69 | 341 |
| Sep | 30 | 55 | 15 | 8,874 | 644 | 3,972 | 54.0 | 3.63 | 3.01 | 5.69 | 318 |
| Oct | 30 | 54 | 15 | 9,210 | 657 | 4,015 | 55.2 | 3.76 | 3.09 | 5.68 | 279 |
| Nov | 29 | 57 | 15 | 13,396 | 1,039 | 4,125 | 35.6 | 3.85 | 3.12 | 5.70 | 271 |
| Dec | 30 | 57 | 15 | 16,454 | 2,128 | 4,173 | 18.1 | 3.83 | 3.09 | 5.71 | 282 |
| Jan 2004 | 29 | 58 | 15 | 16,725 | 2,209 | 4,261 | 17.8 | 3.82 | 3.08 | 5.71 | 285 |
| Feb | 29 | 55 | 15 | 16,395 | 1,944 | 4,294 | 18.3 | 3.81 | 3.06 | 5.69 | 295 |

* 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 2003 | 1.2133 | 6.20 | 10.23 | 1.2313 | 8.00 | 12.03 | 1.1443 | 0.7667 | 6.90 | 10.66 |
| Mar | 1.1374 | 6.04 | 9.81 | 1.1554 | 7.84 | 11.61 | 1.1529 | 0.7489 | 6.74 | 10.54 |
| Apr | 1.1227 | 5.92 | 9.64 | 1.1407 | 7.72 | 11.44 | 1.1573 | 0.7356 | 6.62 | 10.44 |
| May | 1.1462 | 5.91 | 9.71 | 1.1642 | 7.71 | 11.51 | 1.1582 | 0.7344 | 6.61 | 10.43 |
| Jun | 1.1500 | 5.92 | 9.74 | 1.1680 | 7.72 | 11.54 | 1.1646 | 0.7356 | 6.62 | 10.46 |
| Jul | 1.1590 | 5.92 | 9.77 | 1.1770 | 7.72 | 11.57 | 1.2125 | 0.7356 | 6.62 | 10.63 |
| Aug | 1.1854 | 7.07 | 10.97 | 1.2034 | 8.87 | 12.77 | 1.2584 | 0.7378 | 6.64 | 10.81 |
| Sep | 1.2944 | 9.51 | 13.71 | 1.3124 | 11.31 | 15.51 | 1.2288 | 0.7433 | 6.69 | 10.76 |
| Oct | 1.2007 | 10.43 | 14.27 | 1.2187 | 12.23 | 16.07 | 1.2623 | 0.7400 | 6.66 | 10.84 |
| Nov | 1.2563 | 10.33 | 14.37 | 1.2743 | 12.13 | 16.17 | 1.2947 | 0.7433 | 6.69 | 10.99 |
| Dec | 1.2806 | 9.70 | 13.84 | 1.2986 | 11.50 | 15.64 | 1.3758 | 0.7467 | 6.72 | 11.30 |
| Jan 2004 | 1.3283 | 7.46 | 11.85 | 1.3463 | 9.26 | 13.65 | 1.5048 | 0.7378 | 6.64 | 11.67 |
| Feb | 1.5044 | 6.55 | 11.59 | 1.5224 | 8.35 | 13.39 | 1.8588 | 0.7367 | 6.63 | 12.90 |
| Mar | 1.7675 | 5.96 | 11.94 | 1.7855 | 7.76 | 13.74 | | 0.7400 | 6.66 | |

| 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 2003 | 1.1373 | 1.8538 | 0.0240 | 5.89 | 9.66 | 1.1373 | 0.6711 | 6.04 | 9.81 |
| Mar | 1.1459 | 1.6648 | 0.0206 | 5.28 | 9.11 | 1.1459 | 0.6651 | 5.99 | 9.79 |
| Apr | 1.1503 | 1.8006 | (0.0008) * | 5.58 | 9.41 | 1.1503 | 0.6564 | 5.91 | 9.73 |
| May | 1.1512 | 1.9275 | (0.0144) * | 5.89 | 9.71 | 1.1512 | 0.6574 | 5.92 | 9.74 |
| Jun | 1.1576 | 1.9434 | (0.0200) * | 5.91 | 9.75 | 1.1576 | 0.6574 | 5.92 | 9.76 |
| Jul | 1.2055 | 2.5480 | (0.0124) * | 7.83 | 11.78 | 1.2055 | 0.6605 | 5.94 | 9.95 |
| Aug | 1.2514 | 3.1438 | 0.0026 | 9.76 | 13.80 | 1.2514 | 0.6638 | 5.97 | 10.14 |
| Sep | 1.2218 | 3.3180 | 0.0170 | 10.39 | 14.30 | 1.2218 | 0.6644 | 5.98 | 10.05 |
| Oct | 1.2553 | 3.2815 | 0.0311 | 10.36 | 14.39 | 1.2553 | 0.6642 | 5.98 | 10.16 |
| Nov | 1.2877 | 2.9267 | 0.0368 | 9.29 | 13.47 | 1.2877 | 0.6663 | 6.00 | 10.30 |
| Dec | 1.3688 | 2.2997 | 0.0362 | 7.34 | 11.87 | 1.3688 | 0.6603 | 5.94 | 10.52 |
| Jan 2004 | 1.4978 | 2.0875 | 0.0217 | 6.60 | 11.61 | 1.4978 | 0.6595 | 5.94 | 10.97 |
| Feb | 1.8518 | 1.7911 | 0.0090 | 5.61 | 11.89 | 1.8518 | 0.6597 | 5.94 | 12.21 |

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> |
| Dec 2002 | 0.59 | 10.33 | 1.1922 | 1.7506 | 0.0584 | 0.00056 | 11.65 |
| Jan 2003 | 0.58 | 10.36 | 1.1856 | 1.8164 | 0.0339 | 0.00057 | 11.53 |
| Feb | 0.47 | 10.13 | 1.1373 | 1.8538 | 0.0240 | 0.00056 | 11.07 |
| Mar | 0.54 | 9.65 | 1.1459 | 1.6648 | 0.0206 | 0.00054 | 10.64 |
| Apr | 0.46 | 9.87 | 1.1503 | 1.8006 | (0.0008) * | 0.00055 | 10.85 |
| May | 0.40 | 10.11 | 1.1512 | 1.9275 | (0.0144) * | 0.00057 | 10.92 |
| Jun | 0.38 | 10.13 | 1.1576 | 1.9434 | (0.0200) * | 0.00057 | 10.89 |
| Jul | (0.41) | 11.37 | 1.2055 | 2.5480 | (0.0124) * | 0.00067 | 12.40 |
| Aug | (1.58) | 12.22 | 1.2514 | 3.1438 | 0.0026 | 0.00077 | 13.94 |
| Sep | (1.07) | 13.23 | 1.2218 | 3.3180 | 0.0170 | 0.00080 | 14.86 |
| Oct | (0.88) | 13.51 | 1.2553 | 3.2815 | 0.0311 | 0.00080 | 15.39 |
| Nov | (0.07) | 13.40 | 1.2877 | 2.9267 | 0.0368 | 0.00075 | 14.56 |
| Dec | 0.54 | 12.41 | 1.3688 | 2.2997 | 0.0362 | 0.00066 | 13.58 |
| Jan 2004 | 0.37 | 11.98 | 1.4978 | 2.0875 | 0.0217 | 0.00065 | |
| Feb | 0.47 | 12.36 | 1.8518 | 1.7911 | 0.0090 | 0.00066 | |

* The average wholesale price of dry whey was less than the make allowance contained in the other solids price formula.

Summary of Federal Order Data - February 2004

Uniform or Statistical Uniform
Price at 3.5% Butterfat

| Federal Order Number / Name | Producer Deliveries <i>— Thousand Pounds —</i> | Class I Producer Receipts <i>— Thousand Pounds —</i> | Class I Utilization <i>Percent</i> | Class I Price <i>— Dollars per Cwt. —</i> | Producer Price Differential <i>— Dollars per Cwt. —</i> | Uniform or Statistical Uniform Price at 3.5% Butterfat | | |
|--------------------------------------|--|---|--|---|--|---|---|---------------------------------|
| | | | | | | FOB Market <i>— Dollars per Cwt. —</i> | FOB Cook Cty. Illinois <i>— Dollars per Cwt. —</i> | Change From Previous Year |
| 1 Northeast | 1,901,354 | 828,223 | 43.6 | \$ 14.84 | \$ 2.06 | \$ 13.95 | \$ 12.50 | \$2.16 |
| 5 Appalachian | 520,446 | 346,205 | 66.5 | 14.69 | n/a | 14.49 | 13.19 | 1.97 |
| 6 Florida | 249,186 | 204,097 | 81.9 | 15.59 | n/a | 15.48 | 13.28 | 1.83 |
| 7 Southeast | 626,270 | 365,248 | 58.3 | 14.69 | n/a | 14.23 | 12.93 | 1.91 |
| 30 Upper Midwest | 1,944,217 | 354,753 | 18.3 | 13.39 | 0.47 | 12.36 | 12.36 | 2.23 |
| 32 Central | 1,163,472 | 343,081 | 29.5 | 13.59 | 0.77 | 12.66 | 12.46 | 2.25 |
| 33 Mideast | 1,407,842 | 511,234 | 36.3 | 13.59 | 0.98 | 12.87 | 12.67 | 2.15 |
| 124 Pacific Northwest | 580,717 | 164,585 | 28.3 | 13.49 | 0.78 | 12.67 | 12.57 | 2.23 |
| 126 Southwest | 727,292 | 322,851 | 44.4 | 14.59 | 1.78 | 13.67 | 12.47 | 2.25 |
| 131 Arizona-Las Vegas | 255,188 | 80,162 | 31.4 | 13.94 | n/a | 12.89 | 12.34 | 2.26 |
| 135 Western | 454,621 | 88,198 | 19.4 | 13.49 | 0.64 | 12.53 | 12.43 | 2.24 |
| All Market Average or Total * | 9,830,605 | 3,608,635 | 36.7 | | | | | |

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

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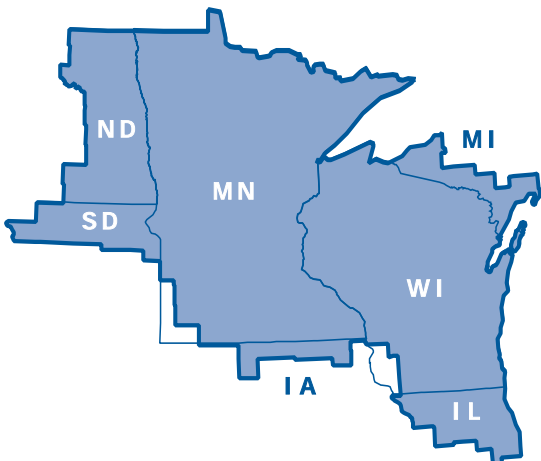
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