Federal Milk Market Administrator
U.S. Department of Agriculture

UPPER MIDWEST DAIRY NEWS

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2003 Outlook for Dairy *

The following is a summary of the presentation by Howard McDowell of the Dairy Programs section of the USDA Agricultural Marketing Service at USDA's annual Agricultural Outlook Forum on February 21, 2003.

Introduction - The dairy industry moves into 2003 with the all-milk prices at around $11.80 and the dairy cow inventory up slightly over a year ago. The sector is still expanding in response to the high dairy prices in 2001. Higher prices in 2001 and expansion in the western states fueled the demand for heifers, and dairy cow numbers on January 1, 2003 were slightly higher than a year earlier. Milk production was 168.9 billion pounds for marketing year (MY) 2001/02, a 2.2% increase over MY 2000/01. The marketing year as referred to in this article runs from October 1 through September 31.

Commercial use in MY 2001/02 grew by about 1 billion pounds (0.6%) to 170.1 billion pounds. The excess supply was absorbed by a commercial stocks increase of 2.5 billion pounds (milk equivalent, milkfat basis) and an increase in Commodity Credit Corporation (CCC) net removals of 3.3 billion pounds (milk equivalent, skim-solids basis). The 2001/02 all-milk price fell by $1.75 (12%), to $12.76 per cwt. (average fat test).

Estimated MY 2002/03 total commercial use is expected to increase slightly more than the increase in commercial supply, and the all-milk price is forecast to range between $11.20 and $11.70. The price decline is mainly due to the reduction in the nonfat dry milk support purchase price to $0.80 per pound coupled with the overhang of commercial stocks.

Price Support Program Changes - The Farm Security and Rural Investment Act of 2002 extended the support purchase program through 2007 at the current support price of $9.90 per cwt. The Dairy Export Incentive Program (DEIP) was also extended through 2007.

In November of 2002, the "tilt" on purchase prices for butter and nonfat dry milk was

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Pool Summary

- In February, 14,994 producers delivered to the market with an average daily delivery of 4,220 pounds.
- Producer milk totaled 1.73 billion pounds, up 3.7% on a daily basis from January.
- Class I utilization totaled 321 million pounds, down 2.0% on a daily basis from January.
- Class I usage accounted for 18.5% of producer milk.
- The February Producer Price Differential is $0.47 per cwt.
- The Statistical Uniform Price is $10.13 per cwt., down 23¢ from January and $1.91 below February 2002.
- Market statistics for February are shown on Pages 4 and 5.

February 2003 Producer Milk by Class

	Percent	Product Pounds	Price $/cwt.
Class I	18.5	320,611,654	12.03
Class II	2.4	41,502,008	10.66
Class III	74.2	1,282,132,631	9.66
Class IV	4.9	84,870,245	9.81
Total		1,729,116,538	

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changed. The support purchase price for nonfat dry milk was lowered 10¢, to 80¢ per pound. This follows a similar sharp reduction in May 2001. The support purchase price for butter was raised about 20¢ per pound, to $1.05, in order to maintain the support price of milk at $9.90 per cwt. Purchase prices for cheese were not changed, and are $1.13 per pound for blocks and $1.10 per pound for barrels.

Past such price adjustments generally resulted in smaller longer-term surpluses of skim solids, but require time for adjustment. The price cuts will encourage food processors to boost use of dry and wet skim solids in processed foods, and reduce prices of skim-milk-based products such as cottage cheese. Lower domestic prices diminish the price advantage of imported milk proteins, as well.

Milk Income Loss Contract Program - The Farm Security and Rural Investment Act of 2002 established the Milk Income Loss Contract (MILC) program that provides counter-cyclical support through fiscal 2005. The payment rate is 45% of the difference between $16.94 and the month's Class I price in Boston. (This difference is equivalent to the difference between $13.69 and the Class I mover.) The payment is subject to a limit of 2.4 million pounds during each fiscal year. Farmers receiving payment on all of their milk account for less than a third of total milk production.

By January 30, 2003, producers had received over $1 billion in MILC payments. Additional payments of $1.5 billion could be made during FY 2003. Total program payments, which cover production through September 2005, are expected to total $3 to $4 billion.

The MILC program has its greatest impact on producers with smaller herds, offsetting some of the price decline with a payment. The payments have likely slowed the rate of cattle culling and farm exits.

U.S. Milk Production Outlook - Milk production for MY 2002/03 is projected to be 170.7 billion pounds, an increase of about 1%. Over the 2002/03 year, milk cows are expected to average 9.105 million head, as compared to 9.129 million in 2001/02. Milk per cow is expected to average 18,750 pounds in 2002/03, reflecting a moderate 250-pound increase over last year. In the following years, annual milk per cow increases are expected to be in the 400-pound range.

Cow numbers remain above the long-term trend after the response to higher prices in recent years, but milk output per cow continues to lag longer-term trends. Higher feed prices in the face of falling milk prices may have discouraged producers from feeding to achieve maximum output per cow. In addition, a shortage of heifers likely kept sub-optimal cows in herds, depressing aggregate yields.

Concentrate feed prices are expected to average slightly higher this year, and reduced stocks will provide less buffer if weather should again be adverse. However, feed prices are likely to be fairly moderate by historic standards. Even so, low milk prices will hold milk-feed price ratios to levels not very conducive to increases in concentrate feeding and milk per cow.

In the near term, the farm structure is not expected to change. The MILC program is assisting producers with smaller herds, and expansions are continuing in some areas. Moreover, feed prices and hay supplies are currently favorable for milk production. If the drought which exists in parts of the U.S. extends into the growing season, milk production per cow could weaken and cow numbers could decline.

U.S. Dairy Trade - Current conditions in other countries appear to be favorable for the U.S. dairy industry. Imports are forecast to decline slightly in 2002/03, to 5.0 billion pounds milk equivalent. Modest commercial exports of nonfat dry milk are possible, particularly to Mexico and other Central American customers. This would result in world prices capped at around the U.S. support price of $0.80 per pound. In addition, exports of nonfat dry milk and cheese under the Dairy Export Incentive Program (DEIP) are expected to reach program limits.

U.S. Dairy Market Outlook - Commercial use of dairy products on a fat basis is expected to grow by about 2.4% to about 174.1 billion pounds in 2002/03. Current prices for butter, cheese, and nonfat dry milk are hovering around support, with the likelihood that quantities demanded will grow in response. Thus, there is potential for stronger demand through the year, but not enough to move prices to recent years' higher levels.

Cheese prices are now about $1.15 per pound, with no increases expected until fall of 2003. Net CCC removals of cheese in 2002/03 are forecast to be 25 million pounds.

Butter prices are expected to hover around the $1.05 support price until the seasonal increases in the fall of 2003. Net CCC removals of butter in 2002/03 are forecast to be 35 million pounds.

Nonfat dry milk has been in surplus since 1998, and a large CCC stock buildup led to the adjustment in CCC purchase prices. For the 2002/03 year, net CCC purchases are forecast to be 420 million pounds, down from the previous year's 650 million pounds. Nonfat dry milk prices are expected to be close to support through 2002/03.

The all-milk price is expected to drop from $12.76 in 2001/2002, to range between $11.20 and $11.70 for 2002/03. The Class III price is expected to range between $9.70 and $10.20. Retail prices are expected to increase very slightly, which should be positive for consumption.

* Adapted from a speech by Howard McDowell at the USDA Agricultural Outlook forum on February 21, 2003. The complete speech can be obtained at: www.usda.gov/oce/waob/agforum.htm.

2002 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".

Beginning in 2001, in an effort to provide mailbox price information that USDA believes would be more meaningful and useful, Dairy Programs began collecting and publishing mailbox price data for reporting areas that are smaller than Federal-milk-order-wide.

Federal-milk-order-wide prices were discontinued. The Upper Midwest Order, however, has continued to calculate and publish a marketwide mailbox price.

Mailbox prices for 2002 are contained in the table below. All mailbox prices are reported at test; there is no adjustment to 3.5% butterfat.

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.

Mailbox Milk Prices [1/] for Selected Reporting Areas in Federal Milk Orders and California-2002

Reporting Area [2/]	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Simple Average
Northeast Federal Order	$13.24	$12.91	$12.48	$12.05	$11.74	$11.49	$11.14	$11.25	$11.29	$11.74	$11.65	$11.58	**$11.88**
Appalachian States [3/]	13.83	13.37	12.92	12.57	12.31	12.08	12.18	12.29	12.21	12.42	12.58	12.45	**12.60**
Southeast States [4/]	14.09	13.57	13.21	13.05	12.69	12.83	12.98	13.17	13.10	13.24	13.35	12.93	**13.18**
Florida	15.81	15.34	15.13	15.09	14.75	14.68	15.28	15.58	15.36	15.50	15.31	14.92	**15.23**
Ohio	13.45	12.92	12.42	12.25	11.85	11.19	10.63	11.06	11.19	11.86	11.95	11.99	**11.90**
Michigan	13.26	12.79	12.27	12.06	11.68	11.06	10.48	10.87	11.03	11.68	11.56	11.61	**11.70**
Wisconsin	13.57	13.12	12.45	12.48	12.16	11.42	10.61	10.98	11.46	12.38	11.83	11.78	**12.02**
Minnesota	13.50	12.75	12.22	12.23	11.88	11.08	10.49	10.90	11.48	12.18	11.64	11.56	**11.83**
Illinois	13.22	13.07	12.32	12.21	12.02	11.31	10.83	10.83	11.29	12.15	11.87	11.77	**11.91**
Northern Missouri [5/]	13.45	12.94	12.91	12.67	12.56	12.21	11.42	11.64	12.03	12.69	12.46	12.25	**12.44**
Southern Missouri [6/]	13.09	12.46	12.19	12.06	11.76	11.66	11.61	11.73	11.55	11.92	11.92	11.72	**11.97**
Corn Belt States [7/]	13.12	12.71	12.06	12.02	11.68	10.96	10.45	10.82	11.19	11.94	11.57	11.41	**11.66**
Western Texas [8/]	13.48	13.10	12.39	11.98	11.66	11.14	11.11	11.38	11.75	12.14	11.99	11.95	**12.01**
New Mexico	12.60	12.18	11.45	11.07	10.80	10.21	10.21	10.44	10.86	11.10	10.86	11.06	**11.07**
Idaho	12.34	11.77	11.50	11.29	10.88	10.30	9.87	10.24	10.52	10.97	10.61	10.66	**10.91**
Utah	12.41	11.99	11.30	11.08	10.72	10.13	9.48	9.85	10.16	10.87	10.56	10.37	**10.74**
Northwest States [9/]	12.81	12.44	12.08	11.91	11.52	11.12	10.78	10.87	11.07	11.56	11.40	11.24	**11.57**
All Federal Order Areas [10/]	**$13.34**	**$12.91**	**$12.39**	**$12.16**	**$11.83**	**$11.33**	**$10.95**	**$11.18**	**$11.40**	**$11.99**	**$11.75**	**$11.69**	**$11.91**
Upper Midwest Order [11/]	**$13.30**	**$12.73**	**$12.19**	**$12.17**	**$11.98**	**$11.16**	**$10.61**	**$10.91**	**$11.42**	**$12.27**	**$11.74**	**$11.65**	**$11.84**
California [12/]	$12.48	$11.73	$11.46	$11.38	$10.98	$10.44	$10.11	$10.35	$10.58	$10.94	$10.69		

[1/] Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test.

[2/] Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area.

[3/] Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia.

[4/] Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi.

[5/] All counties to the north of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry.

[6/] The counties listed in footnote 5 and all those to the south of these.

[7/] Includes Iowa, Kansas, and Nebraska.

[8/] All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby.

[9/] Includes Oregon and Washington.

[10/] Weighted average of the information for all selected reporting areas in Federal milk orders.

[11/] This mailbox price is calculated by the Upper Midwest Order Market Administrator's Office and includes information for all milk pooled on the order.

[12/] California is not part of the Federal Order program. However, the California Department of Food and Agriculture, Dairy Marketing Branch calculates a mailbox price and publishes it in the "California Dairy Information Bulletin".

Upper Midwest Pool Statistics - February 2003

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	54,645,536	67,749	54,713,285	$ 0	49,608,285	$ 892,949
$1.75	38	187,331,672	349,264,837	536,596,509	268,298	135,392,609	2,369,371
$1.70	38	191,530,209	734,781,547	926,311,756	926,312	114,649,844	1,949,047
$1.65	5	25,709,726	5,332,857	31,042,583	46,564	20,960,916	345,855
Other	0		180,452,405	180,452,405	356,468	0	0
Total	86	459,217,143	1,269,899,395	1,729,116,538	$1,597,642	320,611,654	$5,557,222

Computation of Producer Price Differential - February 2003

		Utilization Percentage	Product Pounds	Component Pounds	Rate	Value
Class I	Differential Value					$ 5,557,222.29
	Product	18.5%	320,611,654			
	Skim Milk			315,718,414	$ 6.2000	19,574,541.69
	Butterfat			4,893,240	1.2133	5,936,968.06
Class II	Product	2.4%	41,502,008			
	Nonfat Solids			3,190,800	0.7667	2,446,386.37
	Butterfat			6,469,284	1.1443	7,402,801.72
Class III	Product	74.2%	1,282,132,631			
	Protein			39,038,177	1.8538	72,368,972.54
	Other Solids			73,364,549	0.0240	1,760,749.17
	Butterfat			46,739,721	1.1373	53,157,084.70
Class IV	Product	4.9%	84,870,245			
	Nonfat Solids			7,050,977	0.6711	4,731,910.66
	Butterfat			6,887,918	1.1373	7,833,629.16
SCC Adjustment (Class II, III, and IV)						279,824.19
Total Producer Milk *			**1,729,116,538**			**$181,050,090.55**
Add:	Overage					20,632.91
	Inventory Reclassified					(842.60)
	Other Source Milk §.60(h)					0.00
	Other Source Milk §.60(i)		29,289			811.77
Subtract:	Transportation Credit					169,174.68
	Assembly Credit					255,759.92
	Credit for Reconstituted FMP					0.00
	Producer Milk Protein					97,430,585.55
	Producer Milk Other Solids					2,371,034.13
	Producer Milk Butterfat					73,913,312.40
	Producer Milk SCC Adjustment					362,664.49
Total Milk and Value			1,729,145,827			$ 6,568,161.46
Add:	Location Adjustment -- Producer and Unregulated Supply Plant Milk					1,597,641.98
	One-Half Unobligated Balance Producer Settlement Fund					760,025.34
Total Value					0.516199	$ 8,925,828.78
Subtract:	Producer Settlement Fund Reserve				0.046199	798,843.39
Producer Price Differential **					**$ 0.47**	**$ 8,126,985.39**

*** An estimated 42 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 2003		January 2003	February 2002
	Product Pounds	Butterfat Pounds	Product Pounds	Product Pounds
Class I Utilization:				
Packaged Disposition				
Milk	50,790,753	1,650,499	54,903,184	51,326,245
Flavored Milk	5,586,813	167,745	5,210,457	6,993,427
Reduced Fat Milk	121,498,950	2,385,727	133,163,200	123,046,098
Lowfat Milk	42,230,169	418,584	47,431,580	42,187,271
Fat Free Milk	79,030,565	85,817	86,592,060	79,068,244
Flavored Reduced and Fat Free Milk	26,289,554	231,332	28,343,684	22,791,835
Buttermilk	2,210,615	23,797	2,992,114	2,395,469
Total Packaged Disposition	327,637,419	4,963,501	358,636,279	327,808,589
Total Ending Inventory	34,527,702	530,941	34,464,253	32,073,003
Bulk to Nonpool Plants	1,026,295	5,586	1,278,697	1,208,969
Shrinkage	2,196,848	107,079	4,725,761	4,537,942
Total Class I Utilization	365,388,264	5,607,107	399,104,990	365,628,503
Other Order Plants	(9,679,814)	(177,371)	(5,770,565)	(12,485,485)
Beginning Inventory	(34,696,434)	(525,777)	(30,681,769)	(33,347,424)
Reused Products	0	0	0	0
Other Source Milk	(427,135)	(12,119)	(137,911)	(304,737)
Overage	0	0	--	0
Interhandler Adjustment	26,773	1,400	(142,341)	(80,997)
Class I Producer Milk	**320,611,654**	**4,893,240**	**362,372,404**	**319,409,860**
Class II Utilization:				
Total Class II Utilization	52,978,016	6,851,251	55,487,225	51,406,748
Other Order Plants	(1,854,251)	(59,177)	(2,070,184)	(3,935,623)
Beginning Inventory	(1,354,421)	(96,466)	(2,729,044)	(1,396,080)
Reused Products	(8,044,784)	(3,772)	(7,716,957)	(5,815,128)
Other Source Milk	(222,552)	(222,552)	(236,350)	(239,129)
Overage	0	0	--	--
Class II Producer Milk	**41,502,008**	**6,469,284**	**42,734,690**	**40,020,788**
Class III Utilization:				
Total Class III Utilization	1,333,467,722	48,270,503	1,456,011,130	1,253,805,904
Other Order Plants	(41,398,557)	(1,178,684)	(39,778,093)	(15,355,612)
Beginning Inventory	(2,785,688)	(91,524)	(5,681,141)	(3,120,100)
Reused Products	0	0	0	0
Other Source Milk	(7,087,511)	(252,688)	(7,371,727)	(2,403,462)
Overage	(63,335)	(7,886)	(34,408)	(19,134)
Class III Producer Milk	**1,282,132,631**	**46,739,721**	**1,403,145,761**	**1,232,907,596**
Class IV Utilization:				
Total Class IV Utilization	103,659,844	8,490,068	59,980,773	53,331,114
Other Order Plants	(4,284,364)	(547,968)	(5,699,657)	(10,942,282)
Beginning Inventory	(8,509,123)	(586,445)	(10,615,200)	(13,160,188)
Reused Products	0	0	0	0
Other Source Milk	(5,932,309)	(463,517)	(6,107,589)	(5,017,806)
Overage	(63,803)	(4,220)	(56,085)	(1,773)
Class IV Producer Milk	**84,870,245**	**6,887,918**	**37,502,242**	**24,209,065**
Total Producer Milk -- All Classes	**1,729,116,538**	**64,990,163**	**1,845,755,097**	**1,616,547,309**

-- Restricted Information

Commodity Prices

Month/Year	Weighted Monthly Average NASS Prices * Cheddar Cheese Blocks	Barrels	Average	Butter	Nonfat Dry Milk	Dry Whey	Weighted Two-Week Average NASS Prices * Cheddar Cheese Blocks	Barrels	Average	Butter	Nonfat Dry Milk	Dry Whey
	Dollars per Pound						*Dollars per Pound*					
Feb 2002	1.2904	1.2590	1.2895	1.2480	0.9121	0.2334	1.2935	1.2518	1.2862	1.2316	0.9133	0.2347
Mar	1.2000	1.1834	1.2087	1.2333	0.9060	0.2066	1.1943	1.1751	1.2008	1.2411	0.9074	0.2077
Apr	1.2210	1.2085	1.2323	1.1720	0.8975	0.1948	1.2123	1.1986	1.2229	1.2088	0.8984	0.1979
May	1.2213	1.2133	1.2359	1.0525	0.8972	0.1759	1.2337	1.2315	1.2521	1.0643	0.8953	0.1827
Jun	1.1655	1.1438	1.1708	1.0343	0.9005	0.1639	1.1738	1.1524	1.1792	1.0533	0.9006	0.1663
Jul	1.0898	1.0768	1.1004	1.0112	0.9033	0.1545	1.1013	1.0847	1.1098	1.0188	0.9025	0.1552
Aug	1.1030	1.0996	1.1189	0.9925	0.9074	0.1571	1.1155	1.0993	1.1237	1.0010	0.9091	0.1559
Sep	1.1412	1.1155	1.1438	0.9431	0.9096	0.1755	1.1367	1.1159	1.1427	0.9297	0.9080	0.1703
Oct	1.2431	1.1391	1.2020	0.9945	0.9165	0.2131	1.2239	1.1366	1.1921	0.9697	0.9159	0.2081
Nov	1.1211	1.0733	1.1111	1.0107	0.9177	0.2223	1.1085	1.0610	1.0985	0.9991	0.9172	0.2234
Dec	1.1075	1.0991	1.1203	1.0926	0.8682	0.1965	1.1061	1.0993	1.1195	1.0813	0.8813	0.2038
Jan 2003	1.2225	1.1153	1.1370	1.0872	0.8207	0.1728	1.1175	1.1163	1.1358	1.1099	0.8287	0.1787
Feb	1.1508	1.0825	1.1299	1.0476	0.8111	0.1632	1.1549	1.0808	1.1304	1.0477	0.8108	0.1641

Chicago Mercantile Exchange

Month/Year	Butter Grade AA	Cheddar Cheese Blocks	Cheddar Cheese Barrels	Nonfat Dry Milk (Low/Medium Heat) Central & East	Nonfat Dry Milk West	Whey Powder Central	Whey Powder West
	Dollars per Pound						
Feb 2002	1.2427	1.2076	1.1797	0.9357	0.9434	0.2135	0.2257
Mar	1.2473	1.2130	1.1809	0.9218	0.9279	0.1963	0.2133
Apr	1.1712	1.2448	1.2177	0.9061	0.9134	0.1846	0.1948
May	1.0590	1.2009	1.1688	0.9174	0.9149	0.1691	0.1715
Jun	1.0427	1.1299	1.1051	0.9213	0.9138	0.1553	0.1591
Jul	1.0302	1.0889	1.0680	0.9275	0.9144	0.1566	0.1451
Aug	0.9752	1.1575	1.1252	0.9323	0.9210	0.1673	0.1546
Sep	0.9635	1.2041	1.1100	0.9468	0.9239	0.2051	0.1722
Oct	1.0315	1.1950	1.0970	0.9563	0.9263	0.2426	0.2043
Nov	1.0425	1.0891	1.0705	0.9578	0.9149	0.2245	0.2151
Dec	1.1198	1.1311	1.1055	0.9075	0.8715	0.1818	0.2112
Jan 2003	1.0815	1.1507	1.0929	0.8562	0.8532	0.1594	0.1870
Feb	1.0405	1.0920	1.0430	0.8347	0.8444	0.1587	0.1648

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 2002	26	58	10	14,494	1,617	4,235	19.7	3.78	3.03	5.70	330
Mar	26	58	10	14,172	1,828	4,263	18.9	3.78	3.04	5.71	334
Apr	27	58	10	13,803	1,779	4,389	19.3	3.74	3.01	5.73	334
May	27	58	11	13,490	1,621	3,986	21.9	3.71	2.98	5.72	324
Jun	27	56	11	13,563	1,546	3,908	19.1	3.64	2.95	5.74	340
Jul	27	56	12	13,407	1,513	3,742	21.2	3.55	2.89	5.70	390
Aug	27	60	12	14,642	1,730	3,927	19.9	3.58	2.95	5.70	393
Sep	27	60	12	14,614	1,651	3,885	20.6	3.65	3.01	5.69	355
Oct	27	60	12	14,806	1,574	3,821	23.5	3.82	3.09	5.70	322
Nov	27	60	12	14,660	1,679	3,882	20.9	3.84	3.10	5.69	307
Dec	27	59	12	14,949	1,825	4,090	18.8	3.80	3.07	5.68	296
Jan 2003	27	59	12	14,963	1,846	4,164	19.7	3.77	3.04	5.71	307
Feb	27	59	13	14,994	1,729	4,220	18.5	3.76	3.04	5.71	313

*** NASS = National Agricultural Statistics Service, USDA.**

Class Prices

	Class I Price Mover			Class I Price at Cook County, IL			Class II Price			
Month/Year	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 2002	1.4860	6.99	11.95	1.5040	8.79	13.75	1.3887	0.8544	7.69	12.28
Mar	1.3617	7.10	11.62	1.3797	8.90	13.42	1.3708	0.8511	7.66	12.19
Apr	1.3733	6.91	11.47	1.3913	8.71	13.27	1.2960	0.8456	7.61	11.88
May	1.3339	6.83	11.26	1.3519	8.63	13.06	1.1503	0.8367	7.53	11.29
Jun	1.1577	7.23	11.03	1.1757	9.03	12.83	1.1281	0.8333	7.50	11.19
Jul	1.1443	6.85	10.62	1.1623	8.65	12.42	1.0999	0.8389	7.55	11.14
Aug	1.1022	6.86	10.48	1.1202	8.66	12.28	1.0771	0.8400	7.56	11.07
Sep	1.0805	6.92	10.46	1.0985	8.72	12.26	1.0169	0.8467	7.62	10.91
Oct	0.9935	6.91	10.15	1.0115	8.71	11.95	1.0796	0.8456	7.61	11.12
Nov	1.0423	7.20	10.60	1.0603	9.00	12.40	1.0993	0.8533	7.68	11.26
Dec	1.0782	6.99	10.52	1.0962	8.79	12.32	1.1992	0.8544	7.69	11.62
Jan 2003	1.1784	6.67	10.56	1.1964	8.47	12.36	1.1926	0.8189	7.37	11.29
Feb	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		0.7489	6.74	

	Class III Price					Class IV Price			
Month/Year	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 2002	1.3817	2.0884	0.0965	7.04	11.63	1.3817	0.7721	6.95	11.54
Mar	1.3638	1.8342	0.0688	6.09	10.65	1.3638	0.7660	6.89	11.42
Apr	1.2890	2.0109	0.0566	6.57	10.85	1.2890	0.7575	6.82	11.09
May	1.1433	2.2097	0.0371	7.07	10.82	1.1433	0.7572	6.81	10.57
Jun	1.1211	2.0148	0.0247	6.39	10.09	1.1211	0.7605	6.84	10.52
Jul	1.0929	1.8095	0.0150	5.70	9.33	1.0929	0.7633	6.87	10.45
Aug	1.0701	1.9021	0.0177	6.00	9.54	1.0701	0.7674	6.91	10.41
Sep	1.0099	2.0646	0.0367	6.62	9.92	1.0099	0.7696	6.93	10.22
Oct	1.0726	2.1839	0.0755	7.22	10.72	1.0726	0.7765	6.99	10.50
Nov	1.0923	1.8469	0.0850	6.23	9.84	1.0923	0.7777	7.00	10.58
Dec	1.1922	1.7506	0.0584	5.77	9.74	1.1922	0.7282	6.55	10.49
Jan 2003	1.1856	1.8164	0.0339	5.83	9.78	1.1856	0.6807	6.13	10.07
Feb	1.1373	1.8538	0.0240	5.89	9.66	1.1373	0.6711	6.04	9.81

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)*
	$ per cwt.	*$ per cwt.*	*$ per lb.*	*$ per lb.*	*$ per lb.*	*$ per cwt.*	*$ per cwt.*
Dec 2001	0.39	12.19	1.4322	1.9782	0.1517	0.00064	13.17
Jan 2002	0.43	12.30	1.4846	1.9660	0.1392	0.00065	13.30
Feb	0.41	12.04	1.3817	2.0884	0.0965	0.00064	12.73
Mar	0.60	11.25	1.3638	1.8342	0.0688	0.00060	12.19
Apr	0.50	11.35	1.2890	2.0109	0.0566	0.00062	12.17
May	0.48	11.30	1.1433	2.2097	0.0371	0.00062	11.98
Jun	0.63	10.72	1.1211	2.0148	0.0247	0.00059	11.16
Jul	0.80	10.13	1.0929	1.8095	0.0150	0.00055	10.61
Aug	0.66	10.20	1.0701	1.9021	0.0177	0.00056	10.91
Sep	0.54	10.46	1.0099	2.0646	0.0367	0.00057	11.42
Oct	0.31	11.03	1.0726	2.1839	0.0755	0.00060	12.27
Nov	0.59	10.43	1.0923	1.8469	0.0850	0.00056	11.74
Dec	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	
Feb	0.47	10.13	1.1373	1.8538	0.0240	0.00056	

Summary of Federal Order Data - February 2003

Federal Order Number / Name		Producer Deliveries	Class I Producer Receipts	Class I Utilization	Class I Price	Producer Price Differential	FOB Market (Uniform or Statistical Uniform Price at 3.5% Butterfat)	FOB Cook Cty. Illinois (Uniform or Statistical Uniform Price at 3.5% Butterfat)	Change From Previous Year (Uniform or Statistical Uniform Price at 3.5% Butterfat)
		Thousand Pounds	Thousand Pounds	Percent	Dollars per Cwt.	Dollars per Cwt.	Dollars per Cwt.	Dollars per Cwt.	Dollars per Cwt.
1	Northeast	1,901,334	851,107	44.8	$ 13.48	$ 2.13	$ 11.79	$ 10.34	($1.69)
5	Appalachian	490,615	350,315	71.4	13.33	n/a	12.52	11.22	(1.52)
6	Florida	231,380	201,537	87.1	14.23	n/a	13.65	11.45	(1.81)
7	Southeast	572,914	373,680	65.2	13.33	n/a	12.32	11.02	(1.43)
30	**Upper Midwest**	**1,729,117**	**320,612**	**18.5**	**12.03**	**0.47**	**10.13**	**10.13**	**(1.91)**
32	Central	1,594,634	394,124	24.7	12.23	0.75	10.41	10.21	(1.91)
33	Mideast	1,387,769	521,751	37.6	12.23	1.06	10.72	10.52	(1.74)
124	Pacific Northwest	564,546	162,706	28.8	12.13	0.78	10.44	10.34	(1.70)
126	Southwest	822,100	317,730	38.6	13.23	1.76	11.42	10.22	(1.86)
131	Arizona-Las Vegas	257,172	79,222	30.8	12.58	n/a	10.63	10.08	(1.83)
135	Western	465,354	86,361	18.6	12.13	0.63	10.29	10.19	(1.80)
All Market Average or Total *		**10,016,935**	**3,659,144**	**36.5**					

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

FEDERAL MILK MARKET ADMINISTRATOR
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Phone: (952) 831-5292
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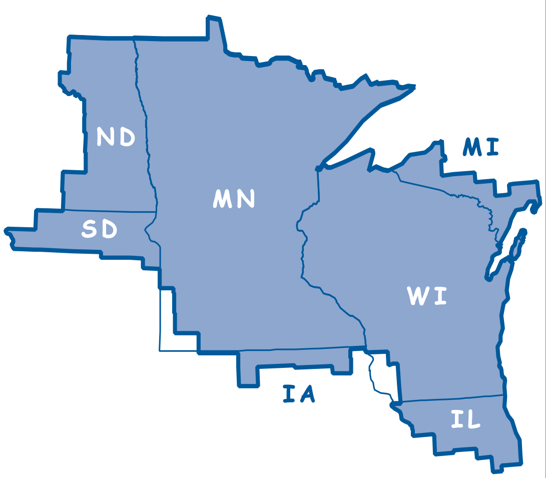

Upper Midwest Marketing Area
F.O. 30