



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.



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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.

Class I use in April totaled 326 million pounds, down

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.

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.

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

Interested parties have until June 30 to file briefs.

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

Butter 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 Unites States, 1998 and 1999

	1	998	1	1999	Change	
Product	Plants	Production	Plants	Production	1998-1999	
	Number	1,000 lbs.	Number	1,000 lbs.	Percent	
Butter	86	1,167,983	83	1,275,042	+9	
Cheese						
American Types						
Cheddar	179	2,633,446	178	2,816,867	+7	
Other American 1	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 Varities						
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 ²	398	7,492,119	376	7,944,032	+6	
Cottage Cheese						
Curd ³	114	465,759	103	465,469	+0	
Creamed ⁴	107	366,761	94	361,581	-3	
Lowfat ⁵	102	361,246	92	360,340	-0	
Dry Milk						
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	
Yogurt, Plain and Fruit Flavored	90	1,638,992	86	1,746,181	+7	

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

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

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

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 Pensylvania, and nearly 1% in Minnesota, Wisconsin and New York.

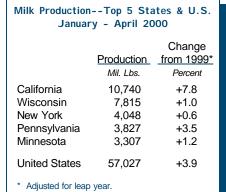
January-April Production Up 3.9%

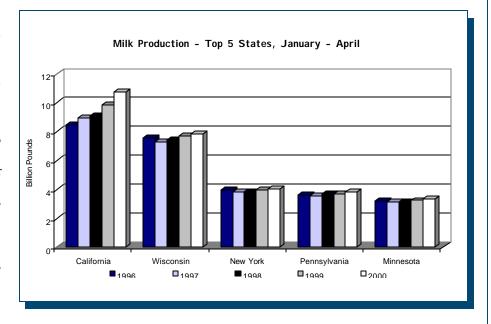
U.S. milk production for the first four months of 2000, estimated at 57 billion pounds, was up 3.9% from the same period in 1999, when adjusted for leap year. The increase resulted from a nearly 1% increase in the average number of milk cows and a 3% average increase in production per cow.

Milk production for

January through April 2000
is up 1.2% in Minnesota and

1.0% in Wisconsin.





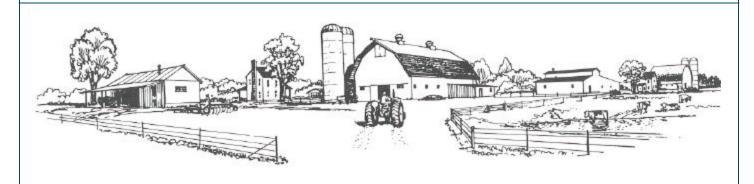
Upper Midwest Pool Statistics - April 2000

			Producer Milk					
Market Class I Differential Rate	Pool Plants	Received at Pool Plants	Diverted to Pool and Nonpool Plants	Total	Adjust	cation tment to ducers		Differential andlers
Cwt.	Number	Pounds	Pounds	Pounds	Va	alue	Pounds	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	44	1,598	148,854,584	2,604,955
\$1.70	47	187,496,858	836,717,103	1,024,213,961	1,02	24,214	112,352,731	1,909,996
\$1.65	8	30,358,627	74,893,904	105,252,531	15	57,879	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	\$1,62	28,635	325,590,756	\$5,644,070

Computation of Producer Price Differential - April 2000

		Utilization Percentage	Product Pounds	Component Pounds	Rate	Value
Class I	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
Class II	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
Class III	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
Class IV	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 Adjus	tment (Class II, III, and	HIV)				247,758.85
Total Prod	lucer Milk *		2,068,776,693			\$215,328,098.49
Add:	Overage Inventory Reclassified Other Source Milk §.6 Other Source Milk §.6	60(h)				62,727.99 (78,763.34) 0.00 0.00
Subtract:	Transportation Credit Assembly Credit Credit for Reconstitut Producer Milk Proteir Producer Milk Other S Producer Milk Butterf Producer Milk SCC A	ed FMP n Solids at				169,539.01 258,733.39 0.00 107,840,500.08 4,826,888.87 88,284,099.83 324,506.96
Total Milk	and Value		2,068,776,693			\$ 13,607,795.00
Add:	Location Adjustment - One-Half Unobligated		regulated Supply Plan Settlement Fund	t Milk		1,628,634.70 1,014,277.42
Total Value	е				0.785523	\$ 16,250,707.12
Subtract:	Producer Settlement	Fund Reserve			0.045523	941,759.59
Produce	r Price Differentia	al (Dollars Per C	wtBase Zone)		\$0.74	\$15,308,947.53

^{*} An estimated 47 million pounds of milk was not pooled.



Utilization and Classification

	April	2000	March 2000
	Product	Butterfat	Product
	Pounds	Pounds	Pounds
Class I Utilization:			
Packaged Disposition	E0 626 072	1 647 100	E4 020 204
Milk Flavored Milk	50,636,073	1,647,123	54,839,394
Reduced Fat Milk	7,384,617 127,924,548	179,911 2,515,027	7,811,805 137,439,287
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	(=00,010)
Interhandler Adjustment	(226,442)	(6,091)	75,260
Class I Producer Milk	325,590,756	5,118,761	367,942,717
	0_0,000,000	0,110,101	001,012,111
Class II Utilization:			
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)
Class II Producer Milk	79,919,869	7,756,371	83,678,125
Class III Utilization:			
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)
Class III Producer Milk	1,633,781,285	59,315,575	1,796,942,031
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Class IV Utilization:			
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)
Class IV Producer Milk	29,484,783	5,578,937	12,026,502
Total Producer Milk All Classes	2,068,776,693	77,769,644	2,260,589,375
Restricted Information			

Commodity Prices

Weighted Monthly Average NASS Prices *						W	/eighted T	wo-Week	Average N	IASS Pric	es *	
Month/Year	Blocks	Barrels	Average	Butter	NFDM	Dry Whey	Blocks	Barrels	Average	Butter	NFDM	Dry Whey
			Dollars pe	er Pound					Dollars _I	per Pound		
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

Chicago Mercantile Exchange

			<u> </u>					
Month/Year	Butter Prices	Cheese P	rices	NF	DM	Dry Whey		
	Grade AA **	40 lb. Block	Barrel	Central	Western	Central	Western	
				Dollars per Pound			_	
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

Oct Nov Dec Jan 2001

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
					Mil. Ibs.	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 May Jun Jul	29	75	11	20,499	2,069	3,415	3.76	3.00	5.72	321
Aug Sep										

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

Class Prices *

	Class I Price Mover				ice 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.	
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		

		C	lass 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.
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)
	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	
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							

Summary of Federal Order Data - April 2000

	Federal Order Number / Name	Producer Deliveries Thousand	Class I Producer Receipts	Class I Utilization Percent	Class I Price	Producer Price Differential Dollars per Cwt.	Uniform Price at 3.50%
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 Ma	rket Average or Total	10,110,996	3,610,760	35.7			

n/a = Not applicable.

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