



# UPPER MIDWEST DAIRY NEWS

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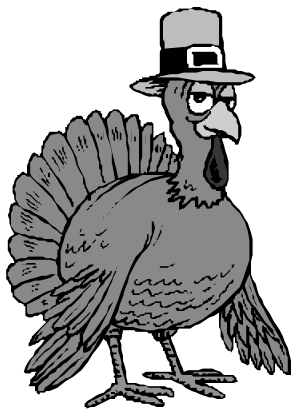
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Upper Midwest Marketing Area, Federal Order No. 30

November 2000

### Special points of interest:

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



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## 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.

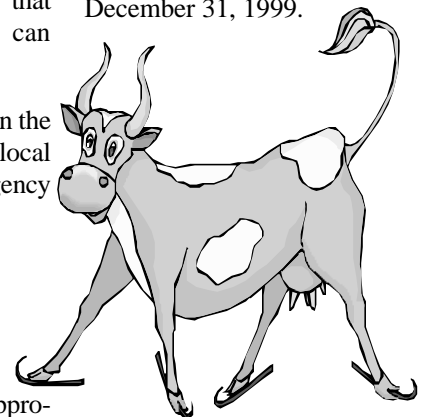
Payment calculations for all participants will be limited to the first 39,000 cwt. of production to better target small to medium-sized producers. Payment will be at the rate of \$0.6468 per cwt. Therefore, the maximum payment that any dairy operation can receive will be \$25,225.

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.

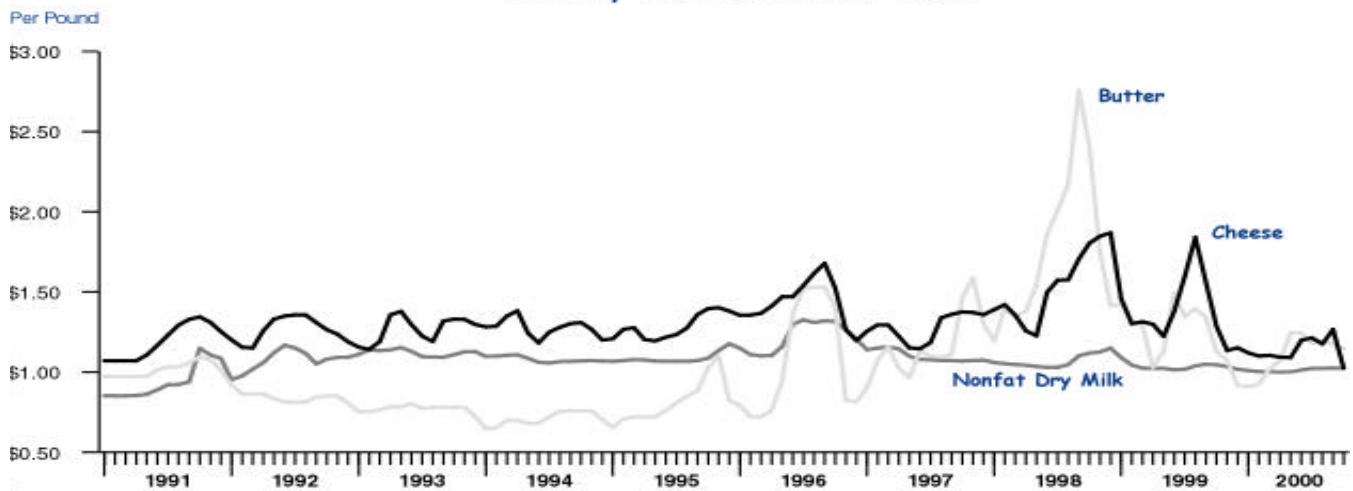
The graphs which follow provide a ten-

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.

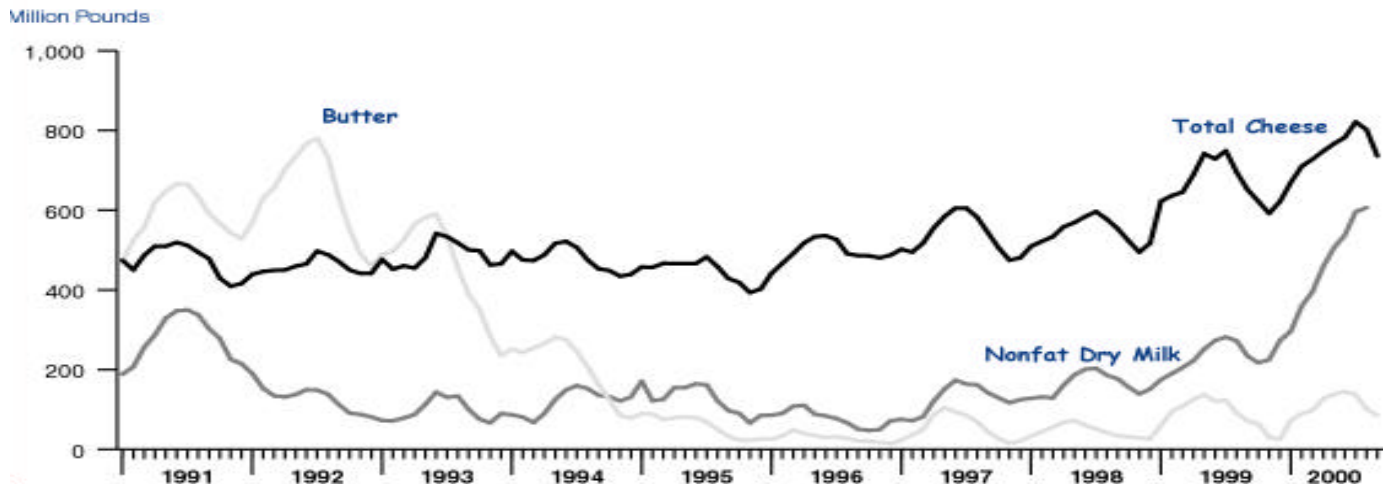
More than 10 billion pounds of that increase occurred in just the last two years. Much of the additional milk production has been manufactured into cheese. As a result, cheese production has increased from about 500 million pounds monthly in 1991 to nearly 700 million pounds monthly in 2000.

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



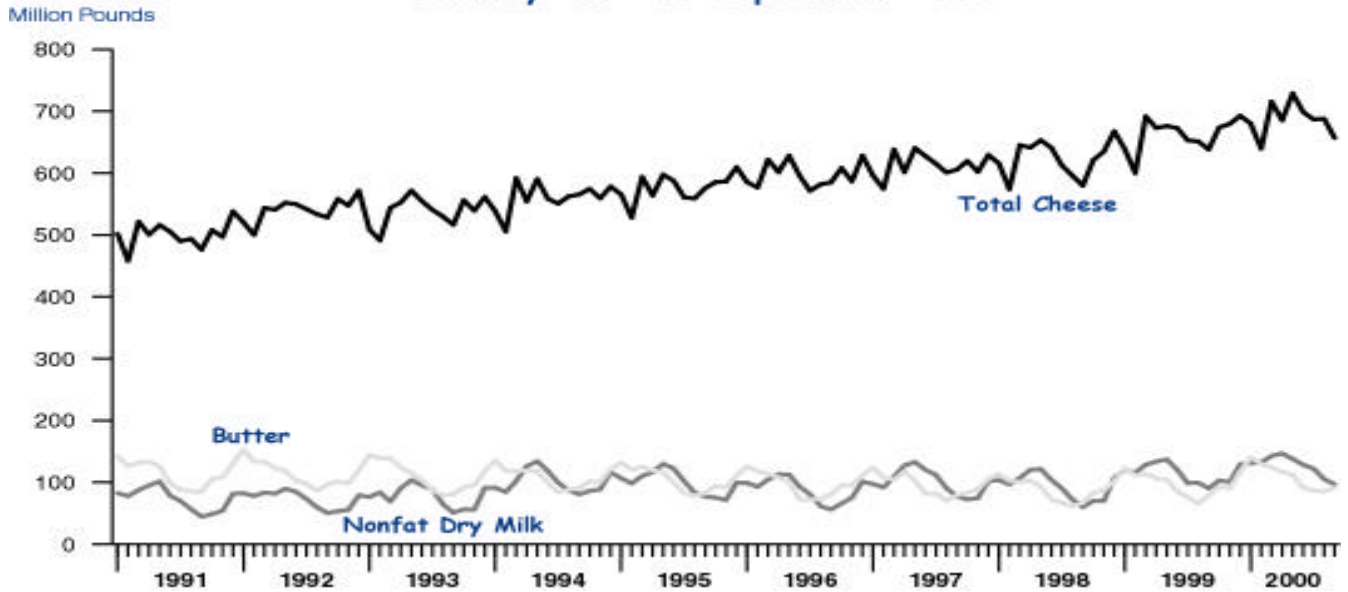
All prices are monthly averages. The butter price is the Grade AA price on the Chicago Mercantile Exchange (CME). The cheese price is a simple average of block and barrel prices for cheddar cheese on the CME beginning in May 1997, and the National Cheese Exchange prior to that. The nonfat dry milk price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

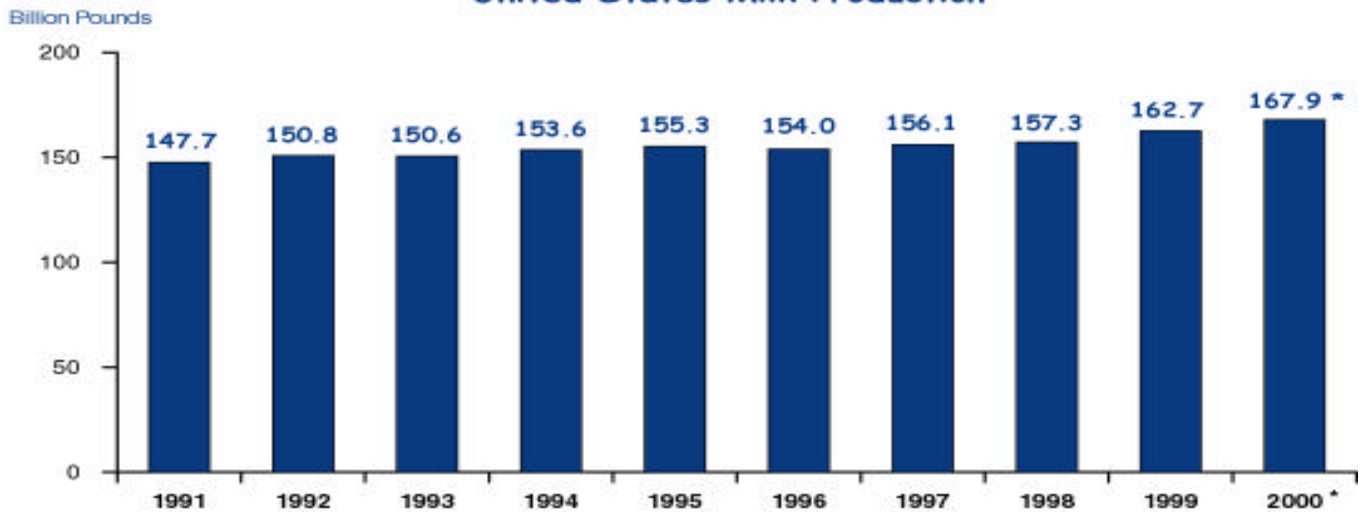


Source: "Dairy Market News", USDA. Inventories include the total of Government-owned and commercial stocks. Cheese is the total of all natural cheese holdings.

### 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	
<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	19,327,629	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 Percentage	Product Pounds	Component Pounds	Rate	Value
<b>Class I</b>					\$5,933,383.34
Differential Value					
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>				0.908089	<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>						<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	Estimated Average Daily Delivery	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>(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	\$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	
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 <i>Thousand Pounds</i>	Class I Producer Receipts	Class I Utilization <i>Percent</i>	Class I Price	Producer Price Differential <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.

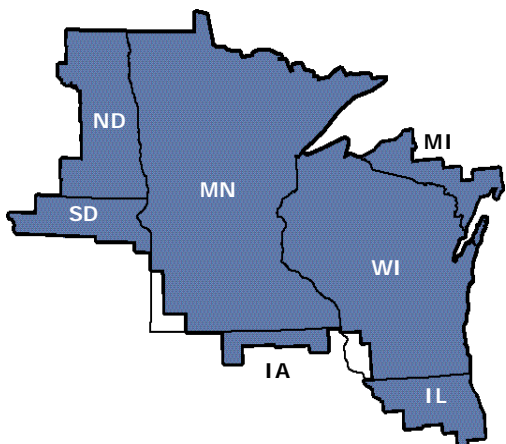
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