



# UPPER MIDWEST DAIRY NEWS

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## USDA 2002 Dairy Outlook \*

The following is a summary of the presentation by James J. Miller of the USDA Economic Research Service at USDA's annual Agricultural Outlook Forum on February 22, 2002.

**Introduction** - From 1998 until the summer of 2001, the storyline for domestic dairy markets was simple: Was production keeping up with the extraordinary demand? Economic softening and the so far very

**Milk cow numbers are expected to decline in 2002.**

muted response in milk production add complexity to the 2002 outlook.

We expect that recovery in milk per cow will boost milk production, but that still fairly brisk demand will limit price drops. However, neither supply nor demand is showing clear signs of direction.

**Milk Cows**--Milk cow numbers slipped steadily through the first half of 2001, mostly as a result of farm exits triggered by the low milk prices of 2000. Cow numbers stabilized during the second half at levels more than 1% below a year earlier. Milk cow numbers are expected to decline in 2002, but only quite modestly. The January 1 cattle

inventory showed producers had a few more heifers that they expected to enter the milking herd during the following year than they had a year earlier. While welcome, these extra heifers may be mostly absorbed in simple replacement of inferior cows not culled in 2001. Tight heifer and hay markets probably will continue to inhibit expanding herds. For the year, milk cow numbers are projected to average fractionally below 2001's 9.12 million.

**Milk per cow should recover in 2002.**

**Milk Per Cow** - Milk per cow was battered by a number of factors in 2001, resulting in

*Continued on Page 2*

## New Web Site Address

The Web site for the Upper Midwest Marketing Area has been moved to: [www.fmma30.com](http://www.fmma30.com).

(This new site replaces [www.fmmampls.com](http://www.fmmampls.com) and [www.fmmachicago.com](http://www.fmmachicago.com).)

## Pool Summary

- In February, 14,494 producers delivered to the market with an average daily delivery of 4,235 pounds.
- Producer milk totaled 1.62 billion pounds, down 8% on a daily basis from January.
- Class I utilization totaled 319

million pounds, down 2.9% on a daily basis from January.

- Class I usage accounted for 19.7% of producer milk.
- The February Producer Price Differential is \$0.41 per cwt.
- The Statistical Uniform Price is \$12.04 per cwt., down \$0.26 from January, but \$0.89 above February 2001.
- Market statistics for February are shown on Pages 4 and 5.

## February 2002 Producer Milk by Class

	Percent	Product Pounds	Price \$/cwt.
Class I	19.7	319,409,860	13.75
Class II	2.5	40,020,788	12.28
Class III	76.3	1,232,907,596	11.63
Class IV	1.5	24,209,065	11.54
Total		1,616,547,309	

### *Continued from Page 1*

a highly unusual fractional decline for the year. Growth in the western dairy herd and recovery in alfalfa exports put considerable pressure on western supplies of dairy-quality alfalfa hay, and forage quality elsewhere was erratic. Stress from weather was a factor nearly all of 2001. Lastly, the heifer situation undoubtedly contributed to retention, at least temporarily, of inferior cows.

Milk per cow should recover in 2002 if weather stress can be avoided. The feed situation overall should support substan-

**Milk production is expected to increase 2 to 3 percent in 2002.**

may keep production per cow from returning to the long-run trend, milk per cow in 2002 is expected to grow about 3 percent from 2001's depressed level.

**Milk Production Up** - Milk production is expected to increase 2 to 3 percent in 2002, erasing 2001's decline of 1 percent. The 2001 slippage, to just more than 165 billion pounds, followed large increases in 1999 and 2000.

**Government Purchases** - Net removals of nonfat dry milk under the dairy price support program decreased more than a fourth in 2001, as both purchases and Dairy Export Incentive Program (DEIP) shipments were smaller. Even so, the surplus of skim solids remained sizable, and government purchases of nonfat dry milk exceeded their ability to use them. At the start of the year, government powder stocks were up almost 300 million pounds from a year earlier and equaled most of a year's commercial use of nonfat dry milk. In 2002, purchases are expected to decrease a bit because of expected continued growth in commercial use of skim solids.

**Demand Resilient** - Demand for milkfat was brisk through most of 2001,

extending the extraordinary period that began in 1998. Record amounts were sold despite very high prices. Cheese, butter, and fluid cream again were strong. Strong cheese demand also contributed to demand for skim solids. But, skim solids demand overall was not as strong as for milkfat. Except for nonfat dry milk, most other uses were lower in spite of stable or lower prices for separated skim solids.

Demand for dairy products is projected to grow less in 2002 than in recent years. Recession effects will slow increases in milkfat demand. However, such slowing is likely to be quite modest and would be from a very strong level. The recession has given indications that it may well be mild and short. In fact, the recession might even help demand for

**Farm milk prices in 2002 are expected to drop \$1.50 to \$2 per cwt.**

such products as fluid milk and part-skim products. Demand is expected to absorb the projected jump in milk production with only a moderate drop in prices.

**Farm Prices Down** - Farm milk prices in 2002 are expected to drop \$1.50 to \$2 per cwt. from 2001's level of almost \$15. Prices in 2002 are projected to stay well above those of 2000. A very wide gap between the value of milk for cheese and for butter-powder persisted through 2000 and part of 2001. However, these values moved together in mid-2001 and are expected to stay close during 2002.

**Retail Prices Steady** - Retail prices of dairy products are projected to run near recent levels during 2002, posting an average increase of 2 to 3 percent from last year. The farm-to-retail price spread probably will widen considerably following 2001's contraction.

### **Key Market Uncertainties** -

Demand would have to be prominent in a list of key uncertainties for domestic

dairy markets in the short and intermediate runs. The period just ended probably had uniquely robust demand.

Normally, large changes in demand would not be expected from a mild, short recession, even one with a somewhat sluggish recovery. However, a return to such consumer exuberance seems unlikely. The products showing strong demand before the sobering events of late 2001 may not be those to which consumers return.

Replacement heifers have become a substantial issue. The heifer shortage has reached the point where farm expansions are being inhibited by a lack of heifers and average week-old heifers are worth as much as a slaughter cow. The broader issue is whether the high price of heifers will push out those operations, regardless of region, that either over-cull or squander the potential to produce heifers with high genetic potential.

Growth in milk per cow in recent years has resulted from a combination of genetic improvements, improved management, better technologies (including BST), better feeding, more feed, and exit of weaker producers. The first four factors are certainly still in place. However, it is no longer possible for many farmers to boost milk per cow by simply feeding more grain. In addition, the proportional gains in average milk per cow from structural change are less than in the past. What does seem clear is that growth in milk per cow is less automatic than it was at one time.

**Replacement heifers have become a substantial issue.**

**Growth in milk per cow is less automatic than it was at one time.**

\* Adapted from a speech by James J. Miller at the USDA Agricultural Outlook forum, Feb. 22, 2002. The complete speech can be obtained at: [www.usda.gov/oce/waob/agforum.htm](http://www.usda.gov/oce/waob/agforum.htm).

## 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 January-October 2001 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 <sup>1/</sup> for Selected Reporting Areas in Federal Milk Orders and California-2001

Reporting Area <sup>2/</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Northeast Federal Order	\$13.19	\$13.22	\$14.03	\$14.37	\$15.43	\$16.19	\$16.30	\$16.65	\$16.84	\$15.38
Appalachian States <sup>3/</sup>	14.64	14.04	14.65	15.24	15.95	16.41	16.74	17.12	17.45	16.20
Southeast States <sup>4/</sup>	14.99	14.23	14.79	15.33	16.10	16.82	17.20	17.73	18.06	16.79
Florida	16.66	15.90	16.54	17.05	17.69	18.36	18.56	19.48	19.79	18.55
Ohio	13.02	12.75	13.80	14.57	15.24	15.94	15.96	16.26	17.14	15.71
Michigan	12.85	12.64	13.61	14.23	15.12	15.71	15.75	16.04	16.85	15.41
Wisconsin	12.38	12.52	13.55	14.12	15.36	16.05	15.96	16.14	17.00	15.78
Minnesota	12.33	12.57	13.45	14.03	15.33	15.90	15.88	16.10	16.84	15.40
Illinois	12.37	12.35	13.16	13.73	15.04	16.08	16.05	16.19	16.97	15.89
Northern Missouri <sup>5/</sup>	12.25	12.15	12.99	13.48	14.61	15.65	15.83	16.17	17.03	15.76
Southern Missouri <sup>6/</sup>	13.56	12.94	13.69	14.11	15.03	15.77	16.16	16.45	16.99	15.59
Corn Belt States <sup>7/</sup>	12.19	12.26	13.13	13.72	14.80	15.62	15.73	15.88	16.74	15.52
Western Texas <sup>8/</sup>	13.12	12.76	13.70	14.17	15.00	15.70	15.70	16.47	16.99	15.88
New Mexico	12.21	12.01	12.96	13.47	14.20	14.77	14.91	15.36	15.77	14.43
Idaho	11.14	11.46	12.48	13.16	14.19	15.03	15.15	15.29	15.76	13.90
Utah	11.37	11.44	12.54	13.05	14.26	14.90	15.04	15.38	15.91	14.47
Northwest States <sup>9/</sup>	12.39	12.51	13.37	14.02	14.82	15.35	15.37	15.65	16.16	14.67
<b>All Federal Order Areas <sup>10/</sup></b>	<b>\$12.97</b>	<b>\$12.91</b>	<b>\$13.79</b>	<b>\$14.29</b>	<b>\$15.29</b>	<b>\$15.95</b>	<b>\$16.02</b>	<b>\$16.32</b>	<b>\$16.86</b>	<b>\$15.52</b>
<b>Upper Midwest Order <sup>11/</sup></b>	<b>\$12.29</b>	<b>\$12.48</b>	<b>\$13.40</b>	<b>\$13.96</b>	<b>\$15.16</b>	<b>\$15.72</b>	<b>\$15.63</b>	<b>\$15.84</b>	<b>\$16.50</b>	<b>\$15.18</b>
California <sup>12/</sup>	\$12.01	\$12.23	\$12.95	\$13.71	\$14.54	\$15.23	\$15.13	\$15.54	\$15.95	\$14.06

<sup>1/</sup> 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.

<sup>2/</sup> 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.

<sup>3/</sup> Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia.

<sup>4/</sup> Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi.

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

<sup>6/</sup> The counties listed in footnote 5 and all those to the south of these.

<sup>7/</sup> Includes Iowa, Kansas, and Nebraska.

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

<sup>9/</sup> Includes Oregon and Washington.

<sup>10/</sup> Weighted average of the information for all selected reporting areas in Federal milk orders.

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

<sup>12/</sup> 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 2002

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	6	26,759,153	45,409,446	72,168,599	\$ 0	51,302,511	\$ 923,445
\$1.75	35	171,479,411	300,686,783	472,166,194	236,083	137,246,290	2,401,810
\$1.70	37	144,810,352	782,111,976	926,922,328	926,922	106,491,743	1,810,360
\$1.65	6	31,656,680	7,089,676	38,746,356	58,120	24,369,316	402,094
Other	0	0	106,543,832	106,543,832	90,309	0	0
Total	84	374,705,596	1,241,841,713	1,616,547,309	\$1,311,434	319,409,860	\$5,537,709



## Utilization and Classification

	February 2002		January 2002	February 2001
	Product Pounds	Butterfat Pounds	Product Pounds	Product Pounds
<b>Class I Utilization:</b>				
Packaged Disposition				
Milk	51,326,245	1,670,599	56,235,204	51,023,210
Flavored Milk	6,993,427	143,243	6,384,222	6,410,945
Reduced Fat Milk	123,046,098	2,418,436	136,387,516	125,067,863
Lowfat Milk	42,187,271	416,074	47,098,623	41,361,235
Fat Free Milk	79,068,244	97,629	86,237,506	78,186,492
Flavored Reduced and Fat Free Milk	22,791,835	210,382	26,867,179	21,907,044
Buttermilk	2,395,469	25,479	2,609,179	2,348,158
Total Packaged Disposition	327,808,589	4,981,842	361,819,429	326,304,947
Total Ending Inventory	32,073,003	490,558	32,911,226	29,074,782
Bulk to Nonpool Plants	1,208,969	18,141	1,404,548	579,708
Shrinkage	4,537,942	119,483	3,909,671	2,277,752
Total Class I Utilization	365,628,503	5,610,024	400,044,874	358,237,189
Other Order Plants	(12,485,485)	(195,281)	(6,059,006)	(18,244,072)
Beginning Inventory	(33,347,424)	(507,526)	(29,453,131)	(28,038,746)
Reused Products	0	0	0	0
Other Source Milk	(304,737)	(4,316)	(212,040)	0
Overage	0	0	0	0
Interhandler Adjustment	(80,997)	(1,122)	(73,648)	(132,749)
<b>Class I Producer Milk</b>	<b>319,409,860</b>	<b>4,901,779</b>	<b>364,247,049</b>	<b>311,821,622</b>
<b>Class II Utilization:</b>				
Total Class II Utilization	51,406,748	6,798,896	63,544,938	62,326,586
Other Order Plants	(3,935,623)	(45,483)	(3,352,388)	(7,203,663)
Beginning Inventory	(1,396,080)	(50,686)	(2,034,681)	(3,944,077)
Reused Products	(5,815,128)	(2,767)	(5,738,483)	(7,684,632)
Other Source Milk	(239,129)	(239,129)	(213,917)	(1,211,110)
Overage	--	--	0	(117,335)
<b>Class II Producer Milk</b>	<b>40,020,788</b>	<b>6,460,831</b>	<b>52,205,469</b>	<b>42,165,769</b>
<b>Class III Utilization:</b>				
Total Class III Utilization	1,253,805,904	44,242,486	1,543,307,281	1,237,883,343
Other Order Plants	(15,355,612)	(244,884)	(23,022,164)	(18,130,501)
Beginning Inventory	(3,120,100)	(118,564)	(8,086,233)	(3,246,375)
Reused Products	0	0	0	0
Other Source Milk	(2,403,462)	(40,900)	(6,757,212)	(3,853,782)
Overage	(19,134)	(330)	(370,814)	(295,152)
<b>Class III Producer Milk</b>	<b>1,232,907,596</b>	<b>43,837,808</b>	<b>1,505,070,858</b>	<b>1,212,357,533</b>
<b>Class IV Utilization:</b>				
Total Class IV Utilization	53,331,114	7,921,804	52,043,521	35,740,349
Other Order Plants	(10,942,282)	(932,217)	(7,259,525)	(7,795,199)
Beginning Inventory	(13,160,188)	(753,346)	(13,184,337)	(10,983,874)
Reused Products	0	0	0	0
Other Source Milk	(5,017,806)	(336,660)	(7,580,172)	(4,375,967)
Overage	(1,773)	(525)	(103,435)	(144,756)
<b>Class IV Producer Milk</b>	<b>24,209,065</b>	<b>5,899,056</b>	<b>23,916,052</b>	<b>12,440,553</b>
<b>Total Producer Milk -- All Classes</b>	<b>1,616,547,309</b>	<b>61,099,474</b>	<b>1,945,439,428</b>	<b>1,578,785,477</b>

-- 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 2001	1.1077	1.1436	1.1467	1.3143	1.0137	0.2561	1.0935	1.1431	1.1402	1.3026	1.0135	0.2603
Mar	1.2434	1.2658	1.2737	1.4942	1.0127	0.2406	1.2446	1.2725	1.2769	1.4862	1.0132	0.2406
Apr	1.3359	1.3173	1.3423	1.7126	1.0145	0.2446	1.3305	1.3041	1.3326	1.6637	1.0154	0.2434
May	1.4885	1.5036	1.5129	1.8527	1.0180	0.2590	1.4395	1.4696	1.4731	1.8397	1.0173	0.2535
Jun	1.6058	1.6035	1.6211	1.9263	1.0148	0.2764	1.6030	1.6101	1.6232	1.9275	1.0158	0.2753
Jul	1.6551	1.6293	1.6573	1.9094	0.9634	0.2862	1.6539	1.6206	1.6521	1.9364	0.9730	0.2874
Aug	1.6690	1.6395	1.6693	1.9990	0.9473	0.2886	1.6652	1.6430	1.6696	1.9544	0.9445	0.2871
Sep	1.7107	1.6768	1.7085	2.1198	0.9497	0.2871	1.7183	1.6800	1.7136	2.1781	0.9506	0.2876
Oct	1.5744	1.5178	1.5591	1.4701	0.9441	0.2835	1.6842	1.6433	1.6777	1.6366	0.9468	0.2841
Nov	1.2354	1.1995	1.2322	1.3040	0.9349	0.2823	1.2207	1.1862	1.2182	1.3051	0.9342	0.2851
Dec	1.2733	1.2485	1.2762	1.2894	0.9199	0.2868	1.2897	1.2594	1.2895	1.2580	0.9222	0.2902
Jan 2002	1.2660	1.2790	1.2922	1.3324	0.9161	0.2747	1.2486	1.2624	1.2740	1.3335	0.9166	0.2810
Feb	1.2904	1.2590	1.2895	1.2480	0.9121	0.2334	1.2935	1.2518	1.2862	1.2316	0.9133	0.2347

Month/Year	Chicago Mercantile Exchange						
	Butter	Cheddar Cheese		Nonfat Dry Milk		Whey Powder	
	Grade AA	Blocks	Barrels	Central & East **	West	Central	West
	<i>Dollars per Pound</i>						
Feb 2001	1.3852	1.2184	1.2232	n/a	1.0103	0.2514	0.2370
Mar	1.5708	1.3161	1.2770	n/a	1.0117	0.2389	0.2362
Apr	1.8217	1.4180	1.3885	n/a	1.0125	0.2502	0.2413
May	1.8713	1.6023	1.5665	n/a	1.0134	0.2684	0.2551
Jun	1.9783	1.6599	1.6137	n/a	0.9960	0.2948	0.2632
Jul	1.8971	1.6699	1.6312	n/a	0.9598	0.2964	0.2707
Aug	2.0880	1.7126	1.6415	n/a	0.9616	0.2786	0.2717
Sep	2.0563	1.7174	1.6707	n/a	0.9705	0.2926	0.2750
Oct	1.4070	1.3346	1.3036	n/a	0.9638	0.2899	0.2784
Nov	1.3481	1.2668	1.2105	n/a	0.9602	0.2979	0.2789
Dec	1.2793	1.2567	1.2500	n/a	0.9591	0.3016	0.2656
Jan 2002	1.3454	1.3242	1.2970	0.9396	0.9511	0.2689	0.2427
Feb	1.2427	1.2076	1.1797	0.9357	0.9434	0.2135	0.2257

## 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 2001	28	57	11	15,843	1,579	3,637	19.7	3.79	3.05	5.70	332
Mar	27	57	11	15,331	1,726	3,710	20.1	3.77	3.03	5.69	335
Apr	26	56	11	14,635	1,687	3,943	18.6	3.73	2.99	5.72	332
May	27	56	11	13,753	1,600	3,877	20.7	3.66	2.97	5.73	335
Jun	26	55	11	12,748	1,514	4,050	19.8	3.61	2.95	5.71	347
Jul	26	56	11	12,831	1,501	3,849	20.2	3.55	2.90	5.70	377
Aug	30	63	11	13,371	1,558	3,810	21.8	3.55	2.92	5.69	396
Sep	27	64	10	15,363	1,787	3,906	18.7	3.66	3.03	5.70	363
Oct	28	62	9	15,035	1,784	3,994	19.9	3.79	3.11	5.69	331
Nov	27	59	10	15,418	1,766	3,869	19.7	3.82	3.10	5.69	316
Dec	26	59	10	14,670	1,834	4,088	18.6	3.82	3.08	5.69	330
Jan 2002	26	60	10	14,926	1,945	4,259	18.7	3.80	3.05	5.70	327
Feb	26	58	10	14,494	1,617	4,235	19.7	3.78	3.03	5.70	330

\* NASS = National Agricultural Statistics Service, USDA.

\*\* The Central and East markets are published as one price, effective January 2002.



# 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 2001	1.2352	7.89	11.94	1.2532	9.69	13.74	1.4696	0.9544	8.59	13.43
Mar	1.4483	7.86	12.65	1.4663	9.66	14.45	1.6890	0.9511	8.56	14.17
Apr	1.6722	7.86	13.44	1.6902	9.66	15.24	1.9553	0.9511	8.56	15.10
May	1.8887	7.88	14.21	1.9067	9.68	16.01	2.1261	0.9533	8.58	15.72
Jun	2.1033	7.90	14.99	2.1213	9.70	16.79	2.2159	0.9556	8.60	16.05
Jul	2.2104	7.88	15.34	2.2284	9.68	17.14	2.1953	0.9533	8.58	15.96
Aug	2.2212	7.90	15.40	2.2392	9.70	17.20	2.3046	0.9111	8.20	15.98
Sep	2.2432	7.99	15.56	2.2612	9.79	17.36	2.4519	0.8822	7.94	16.24
Oct	2.5160	7.38	15.93	2.5340	9.18	17.73	1.6596	0.8889	8.00	13.53
Nov	1.8556	9.60	15.76	1.8736	11.40	17.56	1.4570	0.8844	7.96	12.78
Dec	1.4513	7.15	11.98	1.4693	8.95	13.78	1.4392	0.8722	7.85	12.61
Jan 2002	1.3939	7.34	11.96	1.4119	9.14	13.76	1.4916	0.8600	7.74	12.69
Feb	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		0.8511	7.66	

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 2001	1.4626	1.4951	0.1199	5.34	10.27	1.4626	0.8737	7.86	12.70
Mar	1.6820	1.6498	0.1039	5.73	11.42	1.6820	0.8727	7.85	13.46
Apr	1.9483	1.5443	0.1081	5.43	12.06	1.9483	0.8745	7.87	14.41
May	2.1191	1.9108	0.1229	6.65	13.83	2.1191	0.8780	7.90	15.04
Jun	2.2089	2.1670	0.1409	7.55	15.02	2.2089	0.8748	7.87	15.33
Jul	2.1883	2.3175	0.1510	8.08	15.46	2.1883	0.8234	7.41	14.81
Aug	2.2976	2.2188	0.1535	7.78	15.55	2.2976	0.8073	7.27	15.06
Sep	2.4449	2.1647	0.1520	7.61	15.90	2.4449	0.8097	7.29	15.59
Oct	1.6526	2.6664	0.1482	9.14	14.60	1.6526	0.8041	7.24	12.77
Nov	1.4500	1.8045	0.1470	6.46	11.31	1.4500	0.7949	7.15	11.97
Dec	1.4322	1.9782	0.1517	7.03	11.80	1.4322	0.7799	7.02	11.79
Jan 2002	1.4846	1.9660	0.1392	6.92	11.87	1.4846	0.7761	6.98	11.93
Feb	1.3817	2.0884	0.0965	7.04	11.63	1.3817	0.7721	6.95	11.54

# 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>
Oct 2000	0.86	10.88	1.2444	1.8028	0.0471	0.00058	12.00
Nov	1.43	10.00	1.5745	0.9149	0.0565	0.00051	11.56
Dec	1.23	10.60	1.6534	1.0378	0.0829	0.00054	12.27
Jan 2001	1.03	11.02	1.2896	1.6181	0.1120	0.00056	12.29
Feb	0.88	11.15	1.4626	1.4951	0.1199	0.00057	12.48
Mar	0.78	12.20	1.6820	1.6498	0.1039	0.00064	13.40
Apr	0.83	12.89	1.9483	1.5443	0.1081	0.00067	13.96
May	0.67	14.50	2.1191	1.9108	0.1229	0.00076	15.16
Jun	0.50	15.52	2.2089	2.1670	0.1409	0.00081	15.72
Jul	0.45	15.91	2.1883	2.3175	0.1510	0.00083	15.63
Aug	0.51	16.06	2.2976	2.2188	0.1535	0.00083	15.84
Sep	0.38	16.28	2.4449	2.1647	0.1520	0.00085	16.50
Oct	0.15	14.75	1.6526	2.6664	0.1482	0.00078	15.18
Nov	1.14	12.45	1.4500	1.8045	0.1470	0.00062	
Dec	0.39	12.19	1.4322	1.9782	0.1517	0.00064	
Jan 2002	0.43	12.30	1.4846	1.9660	0.1392	0.00065	
Feb	0.41	12.04	1.3817	2.0884	0.0965	0.00064	

# Summary of Federal Order Data - February 2002

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	2,008,417	819,586	40.8	\$ 15.20	\$ 1.85	\$ 13.48	\$ 12.03	\$-0.14
5 Appalachian	526,428	345,913	65.7	15.05	n/a	14.04	12.74	-0.44
6 Florida	224,599	202,289	90.1	15.95	n/a	15.46	13.26	-0.45
7 Southeast	667,750	378,176	56.6	15.05	n/a	13.75	12.45	-0.40
<b>30 Upper Midwest</b>	<b>1,616,547</b>	<b>319,410</b>	<b>19.7</b>	<b>13.75</b>	<b>0.41</b>	<b>12.04</b>	<b>12.04</b>	<b>0.89</b>
32 Central	1,387,985	380,930	27.4	13.95	0.69	12.32	12.12	0.50
33 Mideast	1,473,523	514,237	34.9	13.95	0.83	12.46	12.26	0.18
124 Pacific Northwest	592,680	161,770	27.3	13.85	0.51	12.14	12.04	-0.21
126 Southwest	760,005	316,114	41.6	14.95	1.65	13.28	12.08	0.04
131 Arizona-Las Vegas	247,421	76,191	30.8	14.30	n/a	12.46	11.91	-0.02
135 Western	450,719	78,201	17.4	13.85	0.46	12.09	11.99	0.30
<b>All Market Average or Total *</b>	<b>9,956,074</b>	<b>3,592,816</b>	<b>36.1</b>					

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

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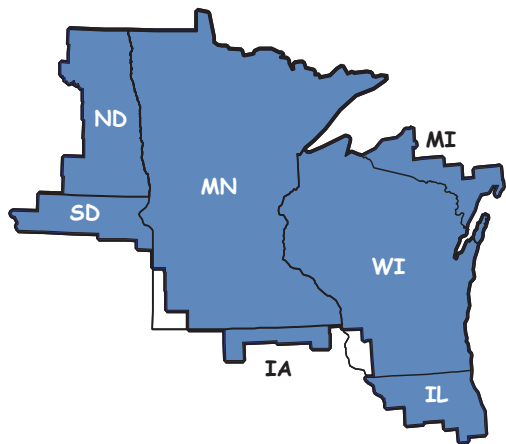
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