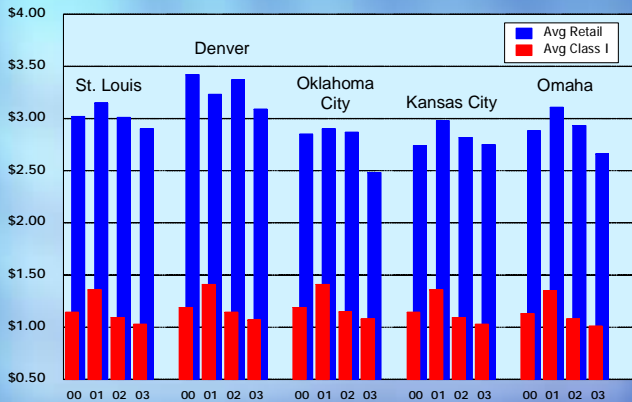


# MARKETING SERVICE

## BULLETIN

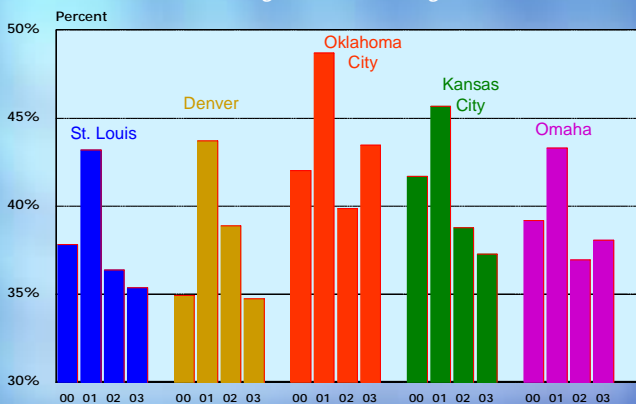
### Federal Milk Order Class I Price Mover At 25-Year Low !!! Retail Milk Price Update

*Minimum Federal Order Class I Prices & Average Retail Homogenized Milk Prices @ 3.25 % Butterfat*



Annual Average For 2000 - 2002  
Jan-Mar Average For 2003

*Minimum Federal Order Class I Price @ 3.25% BF  
As % Of Average Retail Homogenized Milk Price*



affects both dairy producers and dairy processors. The graphics contained in this bulletin illustrate retail homogenized milk prices for five cities in the Central federal order and the corresponding federal order Class I price for each city from January 2000 through March 2003.

Recent news articles have questioned the trend of "high" retail dairy prices at a time of "low" farm milk prices, particularly in the northeast area of the United States. Large price fluctuations result in marketplace responses which are difficult to predict or analyze.

Dynamic federal order price changes -- from lows to highs -- have occurred during the three years since congressionally mandated federal milk order reform became effective in January 2000. "Seasonal fluctuations in milk prices" may not adequately describe the \$6.29 range (between the high and low Class I price mover) noted during this post reform period.

The Class I price that dairy producers receive for their milk is at a 25-year low. The federal milk order Class I price mover is \$9.64 per hundredweight for April 2003. The previous low occurred when the Class I mover for September 1978 was \$9.33. However, the Class I mover did reach \$15.93 for October 2001 Class I milk. This price had not been exceeded since the \$16.27 mover for March 1999.

The federal order price for Class I milk

M  
A  
R  
C  
H  
  
2  
0  
0  
3



Retail fluid dairy prices are surveyed monthly in St. Louis (MO), Denver (CO), Kansas City (MO), Oklahoma City (OK), and Omaha (NE). The retail prices used are averages at the two largest retail grocery stores and the largest convenience store. Prices are obtained between the 1st and the 10th of the month, excluding Fridays and weekends, and represent the most common brand in the store.

The federal milk order Class I price represents the minimum dairy producers' share of the retail price. The Class I price in all federal milk orders is the minimum amount processors must pay for milk utilized in fluid bottling. Class I prices have been adjusted to a 3.25% butterfat content to correspond with the average butterfat content of homogenized (whole) milk.

The Class I price does not represent a processor's total milk cost. Additional costs such as premiums paid to producers, processing, packaging, marketing, sales costs, profit margins, etc., must also be considered.

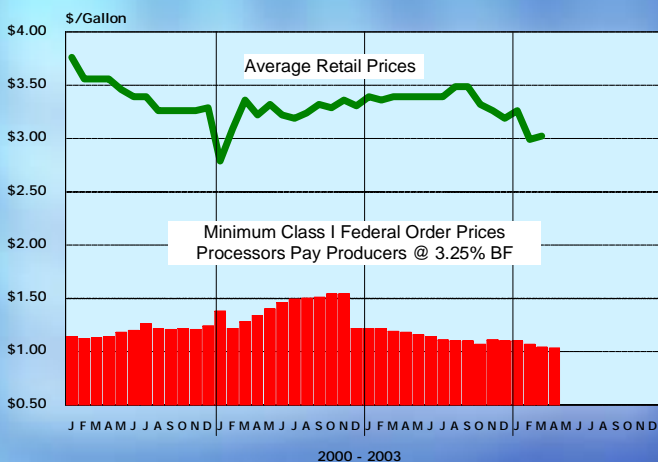
*St. Louis Homogenized Milk Prices @ 3.25 % Butterfat*



*St. Louis Homogenized Milk Prices @ 3.25 % Butterfat*



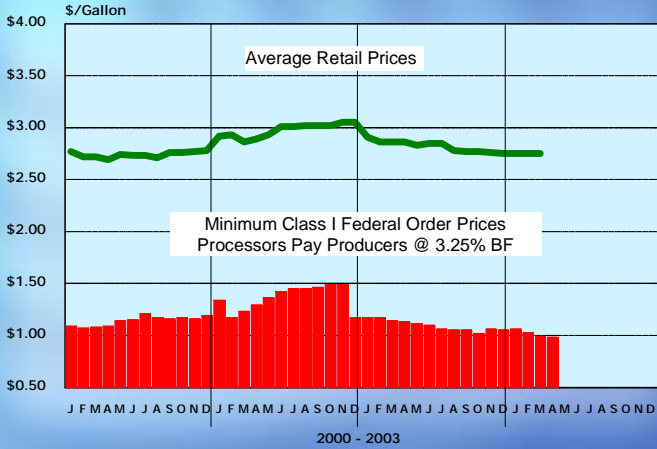
*Denver Homogenized Milk Prices @ 3.25 % Butterfat*



*Denver Homogenized Milk Prices @ 3.25 % Butterfat*



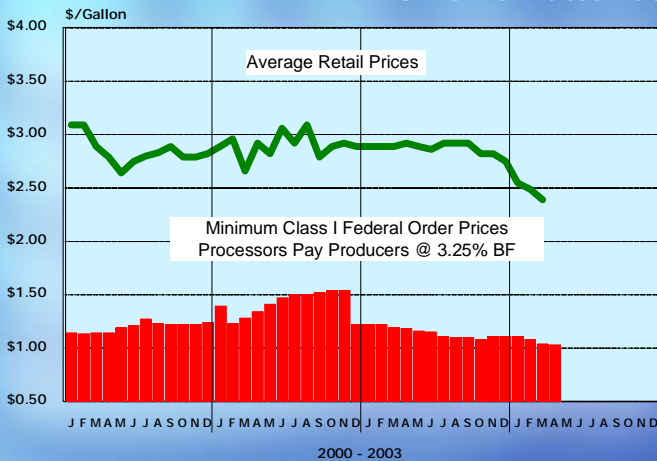
### Kansas City Homogenized Milk Prices @ 3.25 % Butterfat



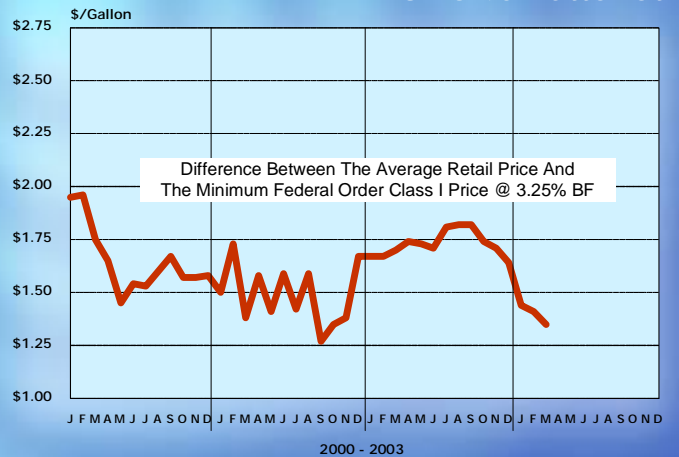
### Kansas City Homogenized Milk Prices @ 3.25 % Butterfat



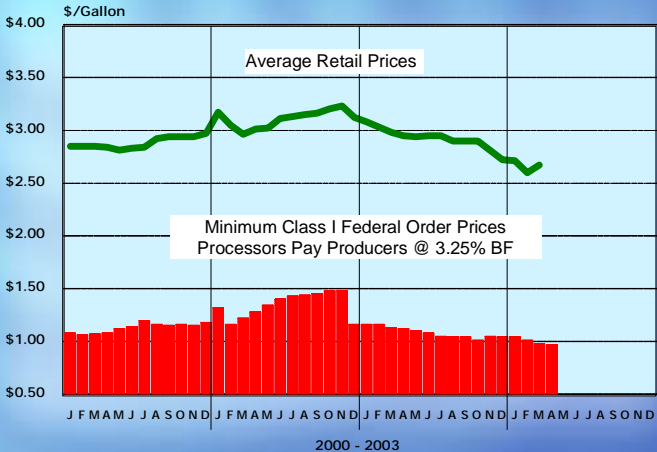
### Oklahoma City Homogenized Milk Prices @ 3.25 % Butterfat



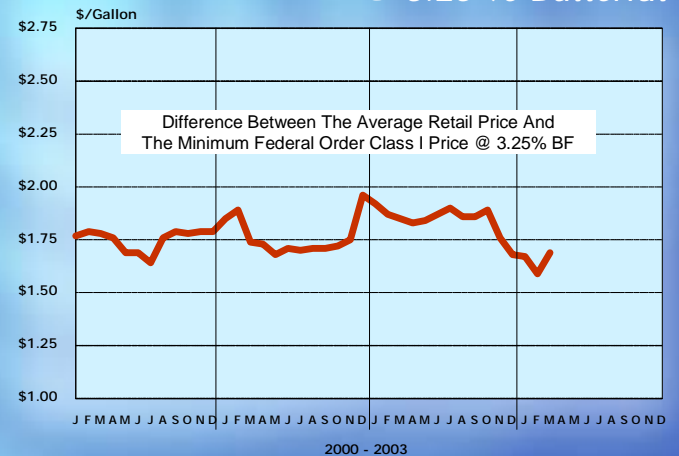
### Oklahoma City Homogenized Milk Prices @ 3.25 % Butterfat



### Omaha Homogenized Milk Prices @ 3.25 % Butterfat



### Omaha Homogenized Milk Prices @ 3.25 % Butterfat



	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	2/2003	1/2003	2/2003	1/2003	2/2003	1/2003
Pacific Northwest	10.44	10.76	0.78	0.98	28.83	30.46
Western	10.29	10.49	0.63	0.71	18.56	18.74
Arizona-Las Vegas	10.63	10.97	-----	-----	30.80	32.36
<b>Central</b>	<b>10.41</b>	<b>10.67</b>	<b>0.75</b>	<b>0.89</b>	<b>24.72</b>	<b>26.07</b>
Southwest	11.42	11.88	1.76	2.10	38.65	44.31
Upper Midwest	10.13	10.36	0.47	0.58	18.54	19.63
Southeast	12.32	12.68	-----	-----	65.22	64.29
Mideast	10.72	11.05	1.06	1.27	37.60	40.77
Appalachian	12.52	12.94	-----	-----	71.40	71.39
Northeast	11.79	12.19	2.13	2.41	44.76	45.28
Florida	13.65	14.18	-----	-----	87.10	88.91

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