

Table 3. Commercial Disappearance of Milk and Select Dairy Products

	Oct.-Dec. 1998	Oct.-Dec. 1999	% chg year ago	Jan.-Dec 1998	Jan.-Dec 1999	% chg year ago
---Million Pounds---						
MILK						
Production	38,937	40,406	3.8%	157,441	162,711	3.3%
Marketings	38,594	40,078	3.8%	156,080	161,411	3.4%
Beg comm stocks	5,793	7,442	28.5%	4,889	5,274	7.9%
Imports	1,340	1,273	-5.0%	4,587	4,743	3.4%
Total supply	45,727	48,793	6.7%	165,556	171,428	3.5%
Ending comm stocks	5,274	6,137	16.4%	5,274	6,137	16.4%
Net removals	49	122	149.0%	366	343	-6.3%
Comm disappearance	40,404	42,534	5.3%	159,916	164,948	3.1%
SELECTED PRODUCTS						
Butter	308.6	339.6	10.0%	1,136.6	1,191.1	4.8%
American cheese	854.1	928.1	8.7%	3,349.5	3,595.7	7.4%
Other cheese	1,231.5	1,285.9	4.4%	4,450.4	4,671.8	5.0%
Nonfat dry milk	221.1	197.2	-10.8%	867.4	818.8	-5.6%
Fluid milk products	14,228.1	14,241.2	0.1%	55,266.8	55,674.8	0.7%

Source: Dairy Market News

(Continued from page A16)

cheese up 5.0 percent, nonfat dry milk down 5.6 percent, and fluid milk products up 0.7 percent. For the last quarter of 1999 (October - December), butter consumption was up 10.0 percent, American cheese up 8.7 percent, and other cheese up 4.4 percent. The strong national economy is being translated into strong demand for milk and dairy products.

As of March 3, the Chicago Mercantile Exchange BFP Milk Futures (Class III Milk) does not show much change. Settlement prices were: March 2000--\$9.78; April 2000--\$9.91; May 2000--\$10.37; June 2000--\$11.15; July 2000--\$11.97; August 2000--\$12.42; September 2000--\$12.54; October 2000--\$12.71; November 2000--\$12.03; and December 2000--\$11.93

FUTURES MARKETS

Finally, USDA announced that round II of the Dairy Options Pilot Program (DOPP) will begin in April. This round offers dairy producers an opportunity to learn about hedging milk prices through put options. Dairy producers are responsible for 20 percent of the premium of each option, while the USDA pays 80 percent of the premium as well as broker fees up

to \$30 per option. For more information, visit the Risk Management Agency website at: <http://www.rma.usda.gov/training/programs/dopp/index.html>.

For more information on market and federal order data, see my Penn State Dairy Outlook website at: <http://www.aers.psu.edu/dairyoutlook/>.

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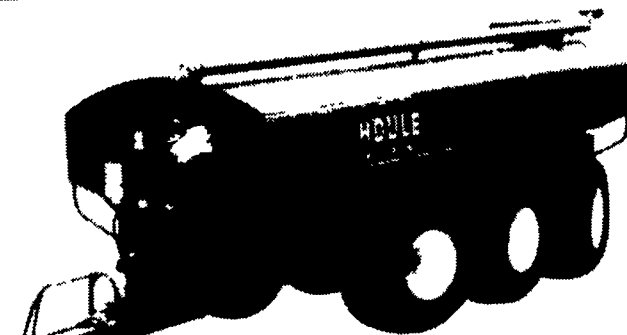
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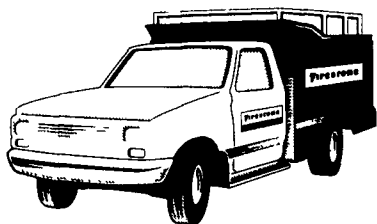
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