



United States
Department of
Agriculture

October 4, 2002

D&DOD-131

Farm and Foreign
Agricultural
Services

NOTICE TO THE DAIRY INDUSTRY

Farm Service
Agency

1400 Independence
Ave, SW
Stop 0551
Washington, DC
20250-0551

Commodity Credit Corporation (CCC) has been acquiring nonfat dry milk (NDM) under the Milk Price Support Program and using it in domestic and export food assistance programs. Currently, supplies for NDM for these programs are adequate. Recently, because of tightening supplies to meet commercial market demands, prices have increased and offers of NDM to CCC have declined. We have received inquiries from NDM manufacturers regarding the possibility of purchasing NDM from CCC to meet market demands.

CCC has uncommitted bulk NDM acquired under the Milk Price Support Program and will make U.S. Extra Grade, spray process, NDM available for sale to the industry. At the time of sale, USDA will set the sell-back price at the higher of the Milk Price Support Program purchase price for NDM or the previous week Dairy Market News average quote (LOW/MEDIUM HIGH HEAT:MOSTLY:) for the regional location where stored.

The West region quote covers 11 Western States, while the Central and East quote covers the other 37 States in the contiguous United States. These sales will be made under the terms and conditions of Announcement KC-DS-2 through December 6, 2002. At that time, CCC will evaluate the impact the sales are having on the market, if any, and determine whether the sales should continue.

Inquiries regarding sales of NDM should be directed to Wayne Oliver, Contracting Officer, at (816) 926-2503.

Bert Farrish
Deputy Administrator,
Commodity Operations