



United States  
Department of  
Agriculture

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D&DOD-142

Farm and Foreign  
Agricultural Services

Commodity  
Credit  
Corporation

Kansas City  
Commodity Office  
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## NOTICE TO THE DAIRY INDUSTRY

The Farm Security and Rural Investment Act of 2002 extended the Milk Price Support Program to December 31, 2007, at the support price of \$9.90 per hundredweight (3.67-percent milkfat).

The Secretary of Agriculture is permitted to change the announced purchase prices for butter and nonfat dry milk (NDM) twice during a calendar year. Such changes are implemented by the Commodity Credit Corporation (CCC).

Effective November 15, 2002, CCC increased the purchase price it pays for butter 19.52 cents to \$1.0500 per pound, and decreased the price of NDM and fortified NDM by 10 cents to \$0.8000 and \$0.8100 per pound, respectively. The purchase prices for block Cheddar and barrel cheese remain unchanged at \$1.1314 and \$1.1014 per pound, respectively. The decision to change the butter and nonfat dry milk prices was based on an accumulation of nonfat dry milk stocks in quantities well above USDA's ability to use the product, the level of expenditures by CCC, and significant market distortions.

Corresponding changes have been made in the CCC announced prices for consumer-size packages, see attached. Prices for print butter, process cheese, and instant NDM were adjusted to reflect unitization requirements for pallets and stretch wrapping prior to shipment for domestic food distribution programs.

Announcements DAIRY-5 (bulk butter, cheese, NDM, and fortified NDM), PCA-1 (process cheese), PBA-1 (print butter), and IMA-1 (instant NDM) are applicable. All prices are effective until further notice.

George W. Aldaya  
Director

Attachment



**PROGRAM FACT SHEET**  
**CCC PURCHASE PRICES FOR SURPLUS DAIRY PRODUCTS**  
**(Dollars Per Pound)**

<b>PRODUCTS</b>	Produced Before November 15, 2002 and Offered by November 29, 2002	Produced on or After November 15, 2002
<b>BUTTER:</b>		
U.S. Grade A or higher		
25-kg Blocks, salted	0.8548	1.0500
36/1-lb. Prints, salted	0.8848	1.0850
<b>NONFAT DRY MILK:</b>		
Nonfortified <u>1/</u>	0.9000	0.8000
Fortified (Vitamins A & D) <u>1/</u>	0.9100	0.8100
Instant, 6/4-lb. and 25.6-oz. pkg.	1.0575	0.9625
<b>CHEESE:</b>		
40-lb. Block Cheddar Cheese <u>2/</u> <u>3/</u>	1.1314	1.1314
500-lb. Barrel Cheese <u>2/</u> <u>4/</u>	1.1014	1.1014
Process Cheese, 6/5-lb. Loaves	1.1839	1.1889
Process Cheese, 12/2-lb. Loaves	1.2239	1.2289

1/ Spray Process, U.S. Extra Grade, not more than 3.5% moisture, 25-kg bags. Nonfat dry milk in bags, which are classified as "Type X", will be accepted at a discount of 0.50 cent per pound.

2/ Standard moisture basis (37.8 to 39.0% moisture). The prices per pound for bulk cheese, which contains less than 37.8% moisture, can be calculated using the following formula: (100% - % moisture x base price) divided by 61%; the result rounded to the nearest fourth digit to the right of decimal. Fifth digit of 5 or more is rounded up, 4 or less is rounded down.

3/ U.S. Grade A or higher, not more than 38.5% moisture.

4/ U.S. Extra Grade, not more than 36.5% moisture.