

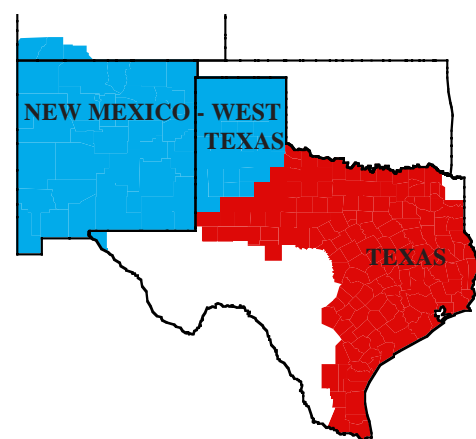
THE MARKET ADMINISTRATOR'S

REPORT



TEXAS MARKETING AREA NEW MEXICO - WEST TEXAS MARKETING AREA

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MARKET SUMMARIES FOR NOVEMBER

The November Class III price increased 26 cents from the previous month to \$12.87. The Class II price for November of \$12.38 per hundredweight increased 53 cents from \$11.85 in October. November's Class III-A price increased 74 cents from October's level to \$12.40.

Texas: Producers who delivered milk to handlers located in Zones 1 and 2 of the Texas Milk Market Order received \$14.07 per hundredweight for deliveries of milk containing 3.5% butterfat. The November price was up 45 cents from October.

Producers delivered a total of 526,810,639 pounds of milk during November. On a daily basis this represents an increase of 1.23 percent from the producer receipts level in October but it represents a decrease of 1.78 percent when compared to the producer receipts level of November 1994.

Producer milk classified as Class I during November amounted to 49.28 percent of total producer receipts. This figure is down slightly from October's 49.78 percent and it is down from 51.16 percent in November 1994. The average butterfat test of producer milk pooled during November 1995 was 3.712 percent.

New Mexico - West Texas: Producers who delivered milk to handlers located in Zone 1 of the New Mexico - West Texas Milk Market Order received \$13.46 per hundredweight for deliveries of milk containing 3.5% butterfat. The November price was up 43 cents from its October level.

Producers delivered a total of 143,694,786 pounds of milk during November. On a daily basis this represents an increase of 4.20 percent from the producer receipts level in October and it represents an increase of 23.27 percent when compared to the producer receipts level of November 1994.

Producer milk classified as Class I during November amounted to 40.52 percent of total producer receipts. This figure is down from 41.93 percent in October and it is

down from 49.80 percent in November 1994. The average butterfat test of producer milk pooled during November 1995 was 3.712 percent.

FEDERAL GRAND JURY INDICTS PRODUCER AND ROUTE DRIVER

United States Attorney Paul E. Coggins announced December 15, 1995 that a Fort Worth federal grand jury returned an indictment charging two individuals with conspiracy, mail fraud, and adulteration of food products. The indictment charged Jim Elliott, of Soper, Oklahoma and Randall Wayne Chester, of Sulphur Springs, Texas, with participating in a scheme to sell milk products which contained water that had been purposely added. Dairy farms are paid per pound of milk sold. Elliott was doing business in Soper, Oklahoma as Elliott Dairy, and was engaged in the commercial production of milk from his dairy cattle to be sold for distribution to the public. Chester was a dairy route truck driver.

The indictment charged Elliott and Chester each with one count of conspiracy, four counts of mail fraud, and one count of adulteration of food products. The indictment alleges that these individuals added water to the Elliott's milk production in the driver's tanker truck. The indictment further alleges that Elliott and Chester also added salt to the milk to normalize the tests by the processing plants or by Associated Milk Producers, Inc. for the correct freezing point.

The indictment alleges that the defendants caused the Associated Milk Producers, Inc. Southern Regional Headquarters in Arlington, Texas to issue and mail via U.S. mail, checks to Elliott for his milk production which was represented to be wholesome, unadulterated milk. The indictment alleges further that the daily logs of production were fraudulent and therefore the checks issued to Elliott were in excess of the amount due and owed to him. The indictment further alleges that Elliott paid Chester in cash for Chester's participation in the scheme.

If convicted of all charges, Elliott and Chester each face a maximum possible punishment of 28 years imprisonment and fines of up to \$1.5 million. United States Attorney Coggins praised the Office of Inspector General, U.S. Department of Agriculture and the Food and Drug Administration, Office of Criminal Investigations for the investigation leading to this indictment.

MILK SUPPORT PRICE TO INCREASE 25 CENTS FOR CALENDAR YEAR 1996

The U.S. Department of Agriculture's Commodity Credit Corporation (CCC) has announced, that since the adjusted estimate of surplus dairy products to be removed from the commercial market during calendar year 1996 is below 3.5 billion pounds, the support price for milk will be increased 25 cents per hundredweight (cwt) to \$10.35 per cwt., effective January 1, 1996.

The Agricultural Act of 1949, as amended, which authorizes milk price support program, requires CCC to estimate and notify Congress, by November 20, of the amount of surplus dairy products to be removed from the commercial market for the coming calendar year.

If the estimate would have been between 3.5 and 7.0 billion pounds on a milk equivalent basis, no adjustment would have been made in the support price. If the estimate had exceeded 7.0 billion pounds, a reduction in milk prices paid to dairy farmers would have been collected during the year to cover the cost of the purchases over 7.0 billion pounds. Since the adjusted surplus estimate is below 3.5 billion pounds, the support price must be increased by at least \$0.25 per cwt. Adjusted for imports, CCC estimates the calendar year 1996 surplus will be 3.47 billion pounds, milk equivalent, on a total milk solids basis.

CCC estimates that if the support price were maintained at the current \$10.10 per cwt. level, there would be a surplus of 10 million pounds of butter, 470 million pounds of nonfat dry milk, 8 million pounds of cheese and 26 million pounds of dry whole milk removed from the commercial market through the milk price support program and the Dairy Export Incentive Program during calendar year 1996. The milk equivalents of these removals are 0.58 billion pounds on a milkfat basis, 5.77 billion pounds on a nonfat solids basis and 3.69 billion pounds on a total solids basis.

In order to determine if the support price requires an adjustment for the coming calendar year, the estimate of dairy removals must be reduced by the amount that imports of dairy products into the 48 contiguous states and the District of Columbia during the most recent year exceeded the average annual amount from January 1, 1986, through December 31, 1990.

Preliminary data indicate that imports in 1994 exceeded the historical annual average amount by 0.23 billion pounds, milk equivalent, total milk solids basis. Therefore, the adjusted estimate of surplus, incorporating the latest infor-

mation available on milk production, imports, commercial use and feed supplies and prices, is 3.47 billion pounds.

MILK OUTPUT TO GROW

Milk production is projected to expand during the rest of 1995 and 1996. Higher feed costs are not expected to substantially alter planned production increases. Milk output is projected to grow 2 to 3 percent in 1996, following a 2 percent rise in 1995. Milk cow numbers are expected to edge lower, while milk per cow posts a strong gain.

This year's slightly lower returns had little apparent effect on the number of new or expanding dairy farms. Long run prospects encourage further western development and the emergence of larger operations in the Midwest and Northeast. Along with fewer exiting farms, this growth has kept cow numbers steady in 1995. Lower 1996 returns will delay some expansions and trigger some additional exits, but recent structural trends are expected to persist.

Milk per cow is expected to recover from 1995's weather and forage problems and receive an additional boost from expanded use of bovine somatotropin (bST). Producer experiences with bST have been generally positive, although use of bST has not been profitable for all producers or under all weather and feed conditions.

Farmers' growing expertise with bST probably will lead them to inject a larger share of the cow herd in 1996, even though higher ration costs likely will lower incentives to adopt bST. Increases in milk per cow from a year earlier probably will be particularly large during spring and summer. In 1995, output per cow was trimmed by lingering effects of late winter-early spring rains in the West and an unusually hot summer over much of the country.

Source: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-23 November 27, 1995, Economic Research Service, USDA. .



TOP TEN TEXAS COUNTIES a/ – NOVEMBER 1995

County	Number of Producers	Pounds	% Change From 1994	County	Number of Producers	Pounds	% Change From 1994
1. Erath	196	112,346,302	4.74	7. Wood	93	15,872,762	-5.84
2. Hopkins	386	61,324,733	-9.91	8. Hamilton	41	15,203,703	+24.47
3. Comanche	56	32,106,346	+10.61	9. Cherokee	44	13,677,670	-2.86
4. Johnson	66	18,581,005	-1.68	10. Franklin	62	9,830,730	-2.15
5. El Paso	9	18,396,487	+3.25	Ten County Total	1,018	314,335,403	+ .89 b/
6. Archer	65	16,995,665	-1.64	<u>Other Counties Total</u>	<u>802</u>	<u>164,217,876</u>	<u>-4.35</u>
				Texas Total	1,820	478,553,279	- .97

a/ Includes all known Grade "A" milk produced on farms located in Texas.

b/ Compared to top ten counties for the month in the previous year.

Minimum Prices at 3.5%, for Federal Orders 126 and 138 (Zone 1) Formula Prices (3.5%) and Price Quotations

Month	Class I a/					Class		Uniform a/ 26 38	B F Diff.	Grade A Butter	Block Cheese	Spray Powder
	126	138	Class II	Class III	III-A	26	38					
	----- Dollars Per Hundred Wt. -----								¢/Point	-----Cents Per Pound-----		
October 1994	14.89	14.08	12.15	12.29	10.36	13.47	12.71	6.3	71.00	132.69	107.04	
November	15.20	14.39	12.53	11.86	10.40	13.60	12.74	6.4	71.00	126.56	107.10	
December	15.45	14.64	12.24	11.38	10.17	13.40	12.36	5.8	65.52	120.91	106.86	
Averages 1994 b/	15.33	14.52	12.45	12.00	10.27	13.51	12.54	5.8	66.77	128.70	107.93	
January 1995	15.02	14.21	11.02	11.35	10.06	13.03	12.09	5.5	63.00	122.20	106.71	
February	14.54	13.73	11.35	11.79	10.12	12.92	12.05	5.6	65.04	127.80	107.11	
March	14.51	13.70	12.20	11.89	10.22	12.93	12.07	5.7	66.00	129.00	107.77	
April	14.95	14.14	12.09	11.16	10.27	12.70	11.90	5.9	66.00	121.10	107.56	
May	15.05	14.24	12.19	11.12	10.21	12.97	11.93	5.9	66.00	121.13	106.84	
June	14.32	13.51	11.46	11.42	10.37	12.71	11.80	6.4	70.00	125.26	106.75	
July	14.28	13.47	11.42	11.23	10.61	12.59	12.00	7.1	74.65	125.03	106.69	
August	14.58	13.77	11.72	11.55	10.82	13.22	12.72	7.7	79.00	130.37	106.69	
September	14.39	13.58	11.53	12.08	10.90	13.26	12.72	7.8	81.33	137.74	107.18	
October	14.71	13.90	11.85	12.61	11.66	13.62	13.03	9.6	95.74	141.48	108.64	
November	15.24	14.43	12.38	12.87	12.40	14.07	13.46	10.5	103.00	142.25	113.40	
December	15.77	14.96	12.91									
January 1996	16.03	15.22	13.17									

a/ Subject to zone and location adjustments. b/ Simple averages

TOP NEW MEXICO COUNTIES a/ – NOVEMBER 1995

County	Number of Producers	Pounds	% Change From 1994	County	Number of Producers	Pounds	% Change From 1994
1. Chaves	40	104,852,646	+2.94	7. Valencia	13	9,976,639	- .21
2. Dona Ana	24	55,027,987	-1.74	8. Bernalillo	9	8,161,300	-15.73
3. Roosevelt	28	37,766,279	+9.18	9. Socorro	9	6,221,791	+20.65
4. Curry	9	24,674,096	+18.78				
5. Lea	12	15,643,692	+4.34	Nine County Total	149	277,467,806	+3.05
6. Eddy	5	15,143,376	-6.52	<u>Other Counties Total</u>	<u>6</u>	<u>7,307,974</u>	<u>+19.82</u>
				New Mexico Total	155	284,775,780	+3.42

a/ All known Grade "A" milk produced on farms located in New Mexico.

b/ Compared to top counties for the month in the previous year.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 1993 THROUGH NOVEMBER 1995, WITH PERCENTAGE COMPARISONS**

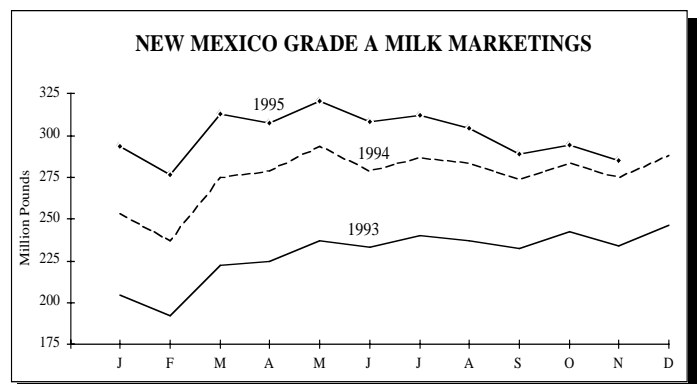
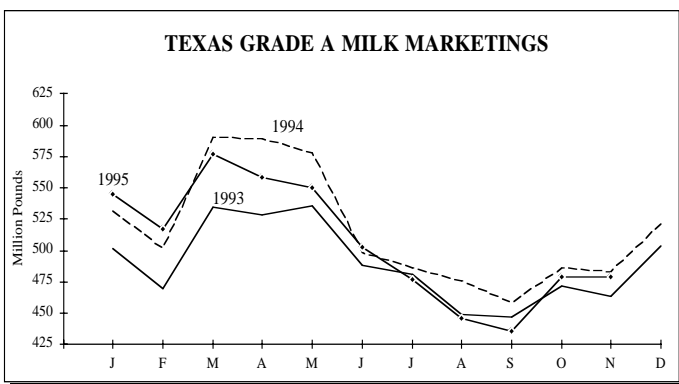
MONTH	1993	Number of Producers	1994	Number of Producers	1995	Number of Producers	PERCENT CHANGE	
	POUNDS		POUNDS		POUNDS		1994/93	1995/94
January	501,212,264	2,039	531,658,454	1,960	544,665,125	1,918	+6.07	+2.45
February	469,421,940	2,036	502,048,659	1,961	517,418,721	1,906	+6.95	+3.06
March	534,985,958	2,023	590,563,277	1,957	577,449,222	1,897	+10.39	-2.22
April	528,234,691	2,011	588,890,115	1,963	558,387,965	1,881	+11.48	-5.18*
May	535,272,595	2,001	578,120,136	1,956	550,303,073	1,879	+8.00	-4.81*
June	488,469,601	1,995	498,149,578	1,969	502,909,961	1,859	+1.98	+0.96
July	481,029,804	1,985	486,029,589	1,955	477,220,938	1,861	+1.04	-1.81
August	448,948,355	1,974	475,739,415	1,953	446,351,445	1,853	+5.97	-6.18
September	447,343,829	1,976	458,143,784	1,948	436,091,164	1,839	+2.41	-4.81
October	471,379,110	1,973	486,705,004	1,944	479,027,137	1,832	+3.25	-1.58
November	463,334,474	1,960	483,247,718	1,936	478,553,279	1,820	+4.30	-0.97
December	<u>503,356,197</u>	1,965	<u>521,399,526</u>	1,924			<u>+3.58</u>	
Years Total	5,872,988,818		6,200,845,698				+5.58	

*Revised figures

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 1993 THROUGH NOVEMBER 1995, WITH PERCENTAGE COMPARISONS**

MONTH	1993	Number of Producers	1994	Number of Producers	1995	Number of Producers	PERCENT CHANGE	
	POUNDS		POUNDS		POUNDS		1994/93	1995/94
January	204,707,796	139	253,218,001	147	293,542,014	156	+23.69	+15.92*
February	192,335,243	140	237,211,785	148	276,638,548	155	+23.33	+16.62*
March	222,849,739	140	275,165,335	145	313,161,171	152	+23.48	+13.81
April	224,429,460	141	278,682,898	149	307,337,393	152	+24.17	+10.28*
May	237,473,164	143	293,746,832	149	320,781,400	154	+23.70	+9.20*
June	232,947,016	142	278,940,461	150	309,224,349	153	+17.44	+10.86
July	240,574,076	145	286,825,906	149	312,630,262	153	+19.23	+9.00
August	237,512,245	146	283,870,810	150	304,582,850	153	+19.52	+7.30
September	232,833,573	146	273,359,295	151	288,872,854	156	+17.41	+5.68
October	242,443,358	148	283,588,806	152	294,564,685	154	+16.97	+3.87
November	234,445,273	149	275,359,100	152	284,775,780	155	+17.45	+3.42
December	<u>246,724,079</u>	148	<u>287,886,379</u>	154			<u>+16.68</u>	
Years Total	2,749,275,022		3,307,855,608				+20.32	

*Revised figures



TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat		Protein		Lactose		S-N-F		SCC*	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
November 1994	3.70	3.69	3.30	3.25	4.78	4.82	8.80	8.80	397	250
December	3.68	3.69	3.27	3.23	4.81	4.82	8.80	8.77	389	255
Average 1994	3.54	3.56	3.20	3.14	4.78	4.80	8.69	8.66	393	247
January 1995	3.69	3.70	3.25	3.21	4.79	4.81	8.75	8.75	385	272
February	3.60	3.64	3.21	3.17	4.83	4.86	8.76	8.74	364	253
March	3.60	3.61	3.22	3.17	4.83	4.84	8.77	8.74	377	254
April	3.50	3.56	3.21	3.14	4.78	4.81	8.73	8.69	368	235
May	3.47	3.47	3.17	3.11	4.77	4.81	8.67	8.65	377	225
June	3.46	3.40	3.16	3.10	4.74	4.79	8.63	8.62	410	232
July	3.44	3.40	3.12	3.06	4.75	4.81	8.59	8.58	432	255
August	3.45	3.43	3.14	3.07	4.72	4.71	8.57	8.43	477	295
September	3.52	3.51	3.21	3.13	4.74	4.80	8.66	8.65	465	269
October	3.64	3.62	3.26	3.20	4.77	4.82	8.75	8.74	381	239
November	3.73	3.68	3.28	3.20	4.78	4.81	8.78	8.72	330	210

* In thousands.

NEW MEXICO - WEST TEXAS MILK MARKET AT A GLANCE

	REPORTED NOV. 1995	REPORTED OCT. 1995	REPORTED NOV. 1994
TOTAL UTILIZATION			
CLASS I	59,416,651	60,688,168	58,481,401
CLASS II	9,433,399	10,792,675	11,116,160
CLASS III/III-A	81,768,760	78,011,587	59,493,554
CLOSING INVENTORY (CLASS I, II AND III)	6,638,535	8,581,728	8,874,553
TOTAL UTILIZATION	157,257,345	158,074,158	137,965,668
DAILY CLASS I UTILIZATION	1,980,555	1,957,683	1,949,380
NOV. -DAILY CLASS I COMPARED TO:		+1.17%	+1.60%
CLASS I YEAR TO DATE (IN THOUSANDS)	649,518	590,102	627,952
% CHANGE FROM PREVIOUS YEAR	+3.43%	+3.62%	-3.73%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	58,223,085	59,745,144	58,055,532
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	7,301,440	8,984,175	9,363,018
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	78,170,261	73,764,033	49,154,224
TOTAL PRODUCER RECEIPTS	143,694,786	142,493,352	116,572,774
OTHER SOURCE A/	4,980,831	7,005,675	10,242,185
OPENING INVENTORY	8,581,728	8,491,080	10,898,490
OVERAGE		84,051	252,219
TOTAL RECEIPTS	157,257,345	158,074,158	137,965,668
DAILY PRODUCER RECEIPTS	4,789,826	4,596,560	3,885,759
NOV. -DAILY PRODUCER RECEIPTS COMPARED TO:		+4.20%	+23.27%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	1,677,368	1,533,673	1,563,943
% CHANGE FROM PREVIOUS YEAR	+7.25%	+5.96%	-14.51%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.712%	3.678%	3.712%
% PRODUCER MILK CLASSIFIED AS CLASS I	40.52%	41.93%	49.80%
NUMBER OF PRODUCERS	306	302	127
AVERAGE DAILY DELIVERY PER PRODUCER	15,653	15,220	30,597
NUMBER OF POOL HANDLERS	15	15	17

A/ INCLUDES MILK, SKIM MILK, CREAM AND SKIM EQUIVALENT OF CONCENTRATED SKIM MILK PRODUCTS

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TEXAS MILK MARKET AT A GLANCE

	REPORTED <u>NOV. 1995</u>	REPORTED <u>OCT. 1995</u>	REPORTED <u>NOV. 1994</u>
TOTAL UTILIZATION			
CLASS I	261,651,194	268,599,681	275,879,714
CLASS II	88,357,043	95,714,463	89,325,967
CLASS III/III-A	201,669,174	185,913,638	194,266,988
CLOSING INVENTORY (CLASS I, II AND III)	28,981,124	31,233,417	31,063,756
TOTAL UTILIZATION	580,658,535	581,461,199	590,536,425
DAILY CLASS I UTILIZATION	8,721,706	8,664,506	9,195,990
NOV. -DAILY CLASS I COMPARED TO:		+0.66%	-5.16%
CLASS I YEAR TO DATE (IN THOUSANDS)	2,874,953	2,613,302	3,004,566
% CHANGE FROM PREVIOUS YEAR	-4.31%	-4.23%	+4.20%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	259,589,537	267,688,126	274,407,286
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	79,445,986	87,204,872	80,029,202
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	187,775,116	182,845,841	181,917,182
TOTAL PRODUCER RECEIPTS	526,810,639	537,738,839	536,353,670
OTHER SOURCE A/	22,613,555	17,244,433	22,698,343
OPENING INVENTORY	31,233,417	26,399,485	31,374,603
OVERAGE	924	78,442	109,809
TOTAL RECEIPTS	580,658,535	581,461,199	590,536,425
DAILY PRODUCER RECEIPTS	17,560,355	17,346,414	17,878,456
NOV. -DAILY PRODUCER RECEIPTS COMPARED TO:		+1.23%	-1.78%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	6,006,565	5,479,754	6,079,566
% CHANGE FROM PREVIOUS YEAR	-1.20%	-1.15%	+10.35%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.712%	3.627%	3.685%
% PRODUCER MILK CLASSIFIED AS CLASS I	49.28%	49.78%	51.16%
NUMBER OF PRODUCERS	1,965	1,986	2,300
AVERAGE DAILY DELIVERY PER PRODUCER	8,937	8,734	7,773
NUMBER OF POOL HANDLERS	30	30	36

A/ INCLUDES MILK, SKIM MILK, CREAM AND SKIM EQUIVALENT OF CONCENTRATED SKIM MILK PRODUCTS