

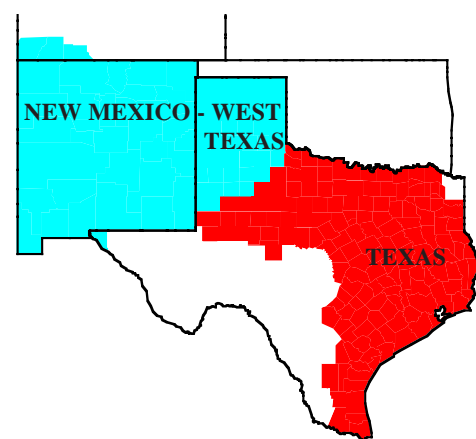
THE MARKET ADMINISTRATOR'S

REPORT



TEXAS MARKETING AREA NEW MEXICO - WEST TEXAS MARKETING AREA

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MARKET SUMMARIES FOR JULY

The July Class III price increased 57 cents from the previous month to \$14.49. The Class II price for July of \$14.07 per hundredweight increased 68 cents from \$13.39 in June. July's Class III-A price increased 89 cents from June's level to \$16.01.

Texas: Producers who delivered milk to handlers located in Zones 1 and 2 of the Texas Milk Market Order received \$15.78 per hundredweight for deliveries of milk containing 3.5% butterfat. The July price was up 75 cents from June.

Producers delivered a total of 515,850,139 pounds of milk during July. On a daily basis this represents a decrease of 10.86 percent from the producer receipts level in June and it represents a decrease of 4.77 percent when compared to the producer receipts level of July 1995.

Producer milk classified as Class I during July amounted to 53.19 percent of total producer receipts. This figure is up from June's 43.60 percent and it is up from 42.62 percent in July 1995. The average butterfat test of producer milk pooled during July 1996 was 3.412 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 \$15.07 per hundredweight for deliveries of milk containing 3.5% butterfat. The July price was up 51 cents from its June level.

Producers delivered a total of 170,613,520 pounds of milk during July. On a daily basis this represents an increase of 14.10 percent from the producer receipts level in June and it represents an increase of 23.90 percent when compared to the producer receipts level of July 1995.

Producer milk classified as Class I during July

amounted to 31.84 percent of total producer receipts. This figure is down from 34.22 percent in June and it is down from 38.67 percent in July 1995. The average butterfat test of producer milk pooled during July 1996 was 3.424 percent.

MilkPEP CAMPAIGN

On March 29, 1996, the U.S. Department of Agriculture announced that fluid milk processors voted to continue funding MilkPEP, a national fluid milk program. Authorization for the MilkPEP program is through the Fluid Milk Promotion Act of 1990. Fluid milk processors will be assessed 20 cents per hundredweight on all fluid milk products processed and commercially marketed in consumer-type packages. The assessment applies only to those processors who process and market more than 500,000 pounds per month in the 48 adjoining states and the District of Columbia. In this second phase, funding (expected to be \$100 million per year) will be used to further educate the consumer and promote fluid milk.

Milk mustaches quickly became a status symbol in the first phase, launched February 1995. Prominent female celebrities, models, and sports stars promoted the merits of milk and milk's importance to their lifestyle. After 11 months, a nationwide survey revealed the MilkPEP program was successful in meeting its year one objective of positively influencing the target audience's (women ages 25-44) attitudes about milk.

The long-term goal of the program is to stem the decline in fluid milk sales. To reach this goal, the second phase has expanded the target audience to include teen girls and women and men age 18-34. The successful wave of milk mustaches will continue, although the campaigns tag line will change from "Milk. What a surprise!" to "Milk. Where's your mustache?"

GALLO CASE YIELDS CHANGES TO SUIT

After a hearing held July 12, District Court Judge Edward J. Garcia granted the request of Joseph Gallo Farms to enjoin future expenditures of the funds assessed against Gallo Cattle Company based on its milk production. The nation's largest milk producer and a major California cheese manufacturer, Joseph Gallo Farms, Atwater, California, filed a lawsuit in federal court in April.

In the suit, Gallo Farms challenges the right of the State of California and the California Milk Advisory Board (CMAB) to assess a mandatory milk assessment on milk producers. Secretary of the California Department of Food and Agriculture Ann M. Veneman also is named as a defendant in the complaint.

The ruling from the recent hearing requires the Secretary of Agriculture to escrow and hold all assessment funds received from Gallo. These funds total several hundred thousand dollars annually and they are used to support the CMAB's generic advertising and other promotional activities. However, Garcia ruled that Gallo Farms would be required to post a bond of \$10,000 to cover damages.

In addition, CMAB and the State of California have been dismissed from the lawsuit. Because the CMAB is not an independent public entity, the court ruled that the party was not a "proper party to the action and that the state was immune from this action."

USDA TARGETS MARKETS FOR EXPORT OF DAIRY PRODUCTS

Agriculture Secretary Dan Glickman announced one-year allocations for the Dairy Export Incentive Program (DEIP) for July 1996 through June 1997.

"These allocations are fully consistent with our Uruguay Round export subsidy reduction commitments and support USDA's continuing efforts in market development by providing exporters additional flexibility in regionalized programming," Glickman said. "While recent program activity has been limited due to market conditions, we will continue to monitor the prices and actions of our competitors, and fully intend to use the DEIP as appropriate."

Export sales under DEIP are facilitated through the payment of bonuses by the USDA's Commodity Credit Corporation (CCC). Sales of nonfat dry milk, whole milk powder, butterfat, and cheddar, Feta, Gouda, cream, mozzarella and process American cheeses are made through normal commercial channels at competitive world prices.

DEIP allocations are available for sale to 112 countries totaling 100,222 metric tons of nonfat dry milk; 97 countries totaling 9,971 metric tons of whole milk powder; 111 countries totaling 38,611 metric tons of butterfat; and 109 countries totaling 3,669 metric tons of cheddar, Feta, Gouda, cream, mozzarella and processed American cheeses.

Texas Agricultural Cash Receipts by Commodity, 1995

Rank	Commodity	Receipts 1/ \$1,000	Percent of total
1	Cattle and calves	6,295,596	47.4
2	Cotton (lint and seed)	1,666,421	12.5
3	Greenhouse and Nursery	792,000	6.0
4	Milk (wholesale and retail)	791,570	6.0
5	Broilers	646,316	4.9
6	Corn	603,356	4.5
7	Sorghum grain	351,136	2.6
8	Wheat	284,715	2.1
9	Eggs	218,238	1.6
10	Peanuts	154,980	1.2
11	Rice	129,553	1.0
12	Hay	127,234	1.0
13	Onions	81,001	.6
14	Hogs	76,963	.6
15	Watermelons	67,165	.5
	All others	992,370	7.5
	TOTAL	13,278,614	100.0

1/ Excludes government payments.

New Mexico Agricultural Cash Receipts by Commodity, 1995

Rank	Commodity	Receipts 1/ \$1,000	Percent of total
1	Cattle and calves	483,140	34.1
2	Milk (wholesale and retail)	430,803	30.4
3	Hay	82,859	5.9
4	Pecans	55,800	3.9
5	Onions	52,826	3.7
6	Chile	44,840	3.2
7	Greenhouse and Nursery	39,059	2.8
8	Cotton (lint and seed)	37,778	2.7
9	Corn	28,271	2.0
10	Potatoes	22,312	1.6
11	Eggs	16,362	1.2
12	Miscellaneous vegetables	16,250	1.1
13	Wheat	14,785	1.0
14	Peanuts	14,448	1.0
15	Other livestock	13,340	.9
	All others	62,303	4.5
	TOTAL	1,415,176	100.0

1/ Excludes cash receipts for livestock grazing.

TOP TEN TEXAS COUNTIES a/ – JULY 1996

County	Number of Producers	Pounds	% Change From 1995	County	Number of Producers	Pounds	% Change From 1995
1. Erath	186	113,162,095	+5.1	7. Hamilton	36	14,525,898	+1.18
2. Hopkins	349	55,761,736	-12.72	8. Wood	80	12,997,878	-18.72
3. Comanche	58	32,469,300	+4.76	9. Cherokee	41	11,571,461	-15.67
4. El Paso	9	17,867,233	-2.48	10. Van Zandt	35	8,593,236	-1.50
5. Johnson	59	17,180,295	-7.78	Ten County Total	918	300,336,014	-4.32 b/
6. Archer	65	16,206,882	+6.00	Other Counties Total	752	153,990,444	-5.71
				Texas Total	1,670	454,326,458	-4.80

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 II		Class III		Class III-A		Uniform a/		B F Diff.	Grade A		Block	Spray
	126	138	Class II	Class III	III-A	126	138					Butter	Cheese		Powder			
	----- Dollars Per Hundred Wt. -----											¢/Point	-----Cents Per Pound-----					
July 1995	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	12.91	11.24	14.18	13.20	6.1		71.83		141.91	117.61					
Averages 1995 b/	14.78	13.97	11.84	11.83	10.74	13.18	12.41	7.0		75.13		130.44	108.58					
January 1996	16.03	15.22	13.17	12.73	11.16	14.32	13.33	6.6		74.40		137.88	114.85					
February	16.07	15.26	13.21	12.59	10.39	14.15	13.21	5.4		65.21		137.75	110.84					
March	15.89	15.08	13.03	12.70	10.32	13.75	12.80	5.4		65.00		138.74	110.08					
April	15.75	14.94	12.89	13.09	10.52	14.06	12.99	5.9		69.57		143.25	110.32					
May	15.86	15.05	13.00	13.77	11.90	14.43	13.82	8.4		89.16		149.25	116.00					
June	16.25	15.44	13.39	13.92	15.12	15.03	14.56	14.1		130.63		149.33	129.75					
July	16.93	16.12	14.07	14.49	16.01	15.78	15.07	15.9		144.87		156.23	132.57					
August	17.08	16.27	14.22															
September	17.65	16.84	14.79															

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

TOP NEW MEXICO COUNTIES a/ – JULY 1996

County	Number of Producers	Pounds	% Change From 1995	County	Number of Producers	Pounds	% Change From 1995
1. Chaves	40	113,131,204	-1.48	7. Valencia	12	11,098,671	-3.85
2. Dona Ana	24	60,334,783	+1.99	8. Bernalillo	8	8,860,691	-15.69
3. Roosevelt	30	40,435,288	-5.37	9. Socorro	8	6,541,433	+6.24
4. Curry	9	30,394,546	+14.92				
5. Lea	12	17,936,233	+6.57	Nine County Total	148	304,892,439	-3.1
6. Eddy	5	16,159,590	-8.29	Other Counties Total	6	8,661,424	+27.46
				New Mexico Total	154	313,553,863	+3.0

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 1994 THROUGH JULY 1996, WITH PERCENTAGE COMPARISONS ****

MONTH	1994 POUNDS	Number of Producers	1995 POUNDS	Number of Producers	1996 POUNDS	Number of Producers	PERCENT CHANGE 1995/94	1996/95
January	531,658,454	1,960	544,665,125	1,918	549,914,311	1,786	+2.45	+ .96
February	502,048,659	1,961	517,418,721	1,906	536,289,739	1,773	+3.06	+ .07
March	590,563,277	1,957	577,449,222	1,897	590,936,348	1,745	-2.22	+2.34
April	588,890,115	1,963	558,387,965	1,881	575,799,475	1,738	-5.18*	+3.12
May	578,186,307	1,956	550,303,073	1,879	567,120,914	1,714	-4.81*	+3.06
June	498,233,850	1,969	502,909,961	1,859	490,380,980	1,683	+ .96	-2.49
July	486,029,589	1,955	477,220,938	1,861	454,326,458	1,670	-1.81	-4.80
August	475,739,415	1,953	446,351,445	1,853			-6.18	
September	458,143,784	1,948	436,091,164	1,839			-4.81	
October	486,705,004	1,944	479,027,137	1,832			-1.58	
November	483,247,718	1,936	478,710,017	1,821			-.94*	
December	<u>521,399,526</u>	1,924	<u>521,728,728</u>	1,795			<u>+0.06</u>	
Years Total	6,200,845,698		6,090,263,496				-1.78	

*Revised figures

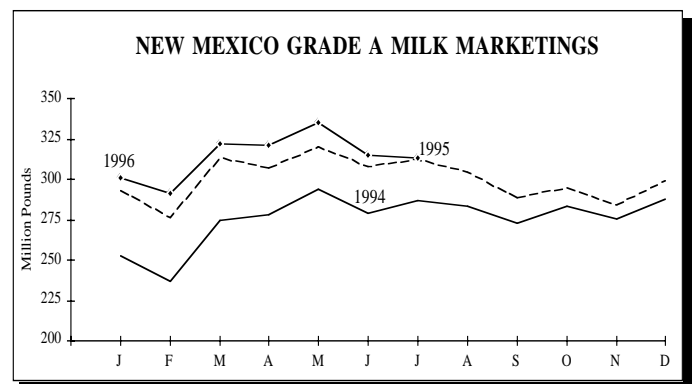
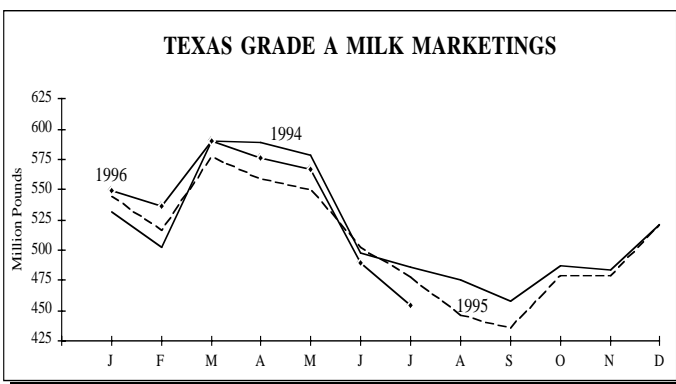
**February figures are based upon average daily production.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 1994 THROUGH JULY 1996, WITH PERCENTAGE COMPARISONS ****

MONTH	1994 POUNDS	Number of Producers	1995 POUNDS	Number of Producers	1996 POUNDS	Number of Producers	PERCENT CHANGE 1995/94	1996/95
January	253,218,001	147	293,542,014	156	301,646,087	153	+15.92*	+2.76
February	237,211,785	148	276,638,548	155	291,741,013	154	+16.62*	+1.82
March	275,165,335	145	313,161,171	152	321,854,914	154	+13.81	+2.78
April	278,682,898	149	307,337,393	152	321,032,089	153	+10.28*	+4.46
May	293,746,832	149	320,781,400	154	335,537,514	153	+9.20*	+4.60
June	278,940,461	150	309,224,349	153	314,856,503	153	+10.86	+1.82
July	286,825,906	149	312,630,262	153	313,553,863	154	+9.00	+3.30
August	283,870,810	150	304,582,850	153			+7.30	
September	273,359,295	151	288,872,854	156			+5.68	
October	283,588,806	152	294,564,685	154			+3.87	
November	275,359,100	152	284,775,780	155			+3.42	
December	<u>287,886,379</u>	154	<u>299,367,034</u>	153			<u>+3.99</u>	
Years Total	3,307,855,608		3,605,478,340				+9.00	

*Revised figures

**February figures are based upon average daily production.



TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat		Protein		Lactose		S-N-F		SCC*	
	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>
July 1995	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
December	3.74	3.71	3.25	3.19	4.79	4.81	8.76	8.71	317	237
Average 1995	3.57	3.56	3.21	3.15	4.77	4.81	8.70	8.67	390	248
January 1996	3.73	3.74	3.21	3.17	4.81	4.83	8.74	8.71	312	238
February	3.67	3.65	3.18	3.14	4.80	4.81	8.71	8.66	312	238
March	3.61	3.62	3.18	3.14	4.80	4.81	8.70	8.66	296	216
April	3.57	3.57	3.17	3.11	4.82	4.83	8.68	8.65	287	205
May	3.47	3.46	3.11	3.06	4.81	4.82	8.63	8.58	288	203
June	3.41	3.40	3.07	3.03	4.79	4.81	8.57	8.55	343	224
July	3.43	3.40	3.12	3.04	4.75	4.78	8.58	8.52	429	259

* In thousands.

NEW MEXICO - WEST TEXAS MILK MARKET AT A GLANCE

	<u>REPORTED</u> <u>JUL. 1996</u>	<u>REPORTED</u> <u>JUN. 1996</u>	<u>REPORTED</u> <u>JUL. 1995</u>
TOTAL UTILIZATION			
CLASS I	55,285,032	51,516,838	55,129,914
CLASS II	7,228,643	7,371,897	13,518,539
CLASS III/III-A	113,082,035	97,014,144	91,617,774
CLOSING INVENTORY (CLASS I, II AND III)	7,725,789	9,531,363	9,732,641
TOTAL UTILIZATION	183,321,499	165,434,242	169,998,868
DAILY CLASS I UTILIZATION	1,783,388	1,717,228	1,778,384
JUL -DAILY CLASS I COMPARED TO:		+3.85%	+ .28%
CLASS I YEAR TO DATE (IN THOUSANDS)	404,479	349,194	404,971
% CHANGE FROM PREVIOUS YEAR	-.12%	-.19%	+3.21%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	54,330,859	49,510,329	53,245,473
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	5,856,169	6,231,691	12,165,330
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	110,426,492	88,957,976	72,290,618
TOTAL PRODUCER RECEIPTS	170,613,520	144,699,996	137,701,421
OTHER SOURCE A/	3,225,632	14,546,307	24,040,532
OPENING INVENTORY	9,479,483	6,187,420	8,232,563
OVERAGE	2,864	519	24,352
TOTAL RECEIPTS	183,321,499	165,434,242	169,998,868
DAILY PRODUCER RECEIPTS	5,503,662	4,823,333	4,441,981
JUL -DAILY PRODUCER RECEIPTS COMPARED TO:		+14.10%	+23.90%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	1,066,965	896,351	1,146,812
% CHANGE FROM PREVIOUS YEAR	-6.96%	-11.18%	+3.92%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.424%	3.417%	3.451%
% PRODUCER MILK CLASSIFIED AS CLASS I	31.84%	34.22%	38.67%
NUMBER OF PRODUCERS	189	189	122
AVERAGE DAILY DELIVERY PER PRODUCER	29,120	25,520	36,410
NUMBER OF POOL HANDLERS	17	17	15

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 JUL. 1996	REPORTED JUN. 1996	REPORTED JUL. 1995
TOTAL UTILIZATION			
CLASS I	273,324,636	247,539,012	230,790,890
CLASS II	117,405,479	113,722,109	115,179,331
CLASS III/III-A	151,909,655	203,582,856	202,611,142
CLOSING INVENTORY (CLASS I, II AND III)	29,968,282	33,396,315	28,642,616
TOTAL UTILIZATION	572,608,052	598,240,292	577,223,979
DAILY CLASS I UTILIZATION	8,816,924	8,251,300	7,444,867
JUL -DAILY CLASS I COMPARED TO:		+6.85%	+18.43%
CLASS I YEAR TO DATE (IN THOUSANDS)	1,866,474	1,593,149	1,815,386
% CHANGE FROM PREVIOUS YEAR	+2.81%	+0.54%	-2.77%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	274,398,983	244,160,854	230,884,697
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	107,236,573	107,029,434	107,357,818
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	134,214,583	208,859,584	203,446,042
TOTAL PRODUCER RECEIPTS	515,850,139	560,049,872	541,688,557
OTHER SOURCE A/	23,358,805	15,524,942	15,591,317
OPENING INVENTORY	33,399,052	22,649,000	19,918,083
OVERAGE	56	16,478	26,022
TOTAL RECEIPTS	572,608,052	598,240,292	577,223,979
DAILY PRODUCER RECEIPTS	16,640,327	18,668,329	17,473,824
JUL -DAILY PRODUCER RECEIPTS COMPARED TO:		-10.86%	-4.77%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	4,213,731	3,697,881	3,918,173
% CHANGE FROM PREVIOUS YEAR	+7.54%	+9.52%	+0.99%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.412%	3.411%	3.428%
% PRODUCER MILK CLASSIFIED AS CLASS I	53.19%	43.60%	42.62%
NUMBER OF PRODUCERS	1,732	1,771	2,073
AVERAGE DAILY DELIVERY PER PRODUCER	9,608	10,541	8,429
NUMBER OF POOL HANDLERS	31	31	30

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