

THE MARKET ADMINISTRATOR'S

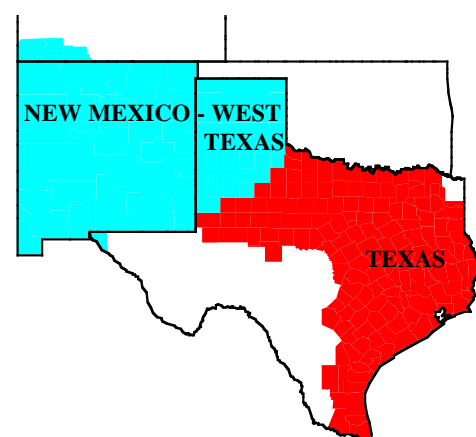
REPORT



TEXAS MARKETING AREA

NEW MEXICO - WEST TEXAS MARKETING AREA

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MARKET SUMMARIES FOR JUNE

The June Class III price increased 15 cents from the previous month to \$13.92. The Class II price for June of \$13.39 per hundredweight increased 39 cents from \$13.00 in May. June's Class III-A price increased \$3.22 from May's level to \$15.12.

Texas: Producers who delivered milk to handlers located in Zones 1 and 2 of the Texas Milk Market Order received \$15.03 per hundredweight for deliveries of milk containing 3.5% butterfat. The June price was up 60 cents from May.

Producers delivered a total of 560,049,872 pounds of milk during June. On a daily basis this represents a decrease of 9.27 percent from the producer receipts level in May but it represents an increase of 2.73 percent when compared to the producer receipts level of June 1995.

Producer milk classified as Class I during June amounted to 43.60 percent of total producer receipts. This figure is up from May's 40.42 percent but it is down from 46.63 percent in June 1995. The average butterfat test of producer milk pooled during June 1996 was 3.411 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 \$14.56 per hundredweight for deliveries of milk containing 3.5% butterfat. The June price was up 74 cents from its May level.

Producers delivered a total of 144,699,996 pounds of milk during June. On a daily basis this represents an increase of 34.34 percent from the producer receipts level in May but it represents a decrease of 15.29 percent when compared to the producer receipts level of June 1995.

Producer milk classified as Class I during May amounted to 34.22 percent of total producer receipts. This figure is down from 52.11 percent in May but it is up from 32.63 percent in June 1995. The average butterfat test of

producer milk pooled during June 1996 was 3.417 percent.

DAIRY OUTLOOK

Strong cheese demand, good domestic use of butter and nonfat dry milk, and butter export agreements made last winter resulted in sharply higher milk and dairy product prices this spring, as milk dipped below a year earlier. Prices probably will be fairly strong during the rest of 1996, even though a downward adjustment is expected this summer. Wholesale prices may be very unsettled in coming months, particularly for butter.

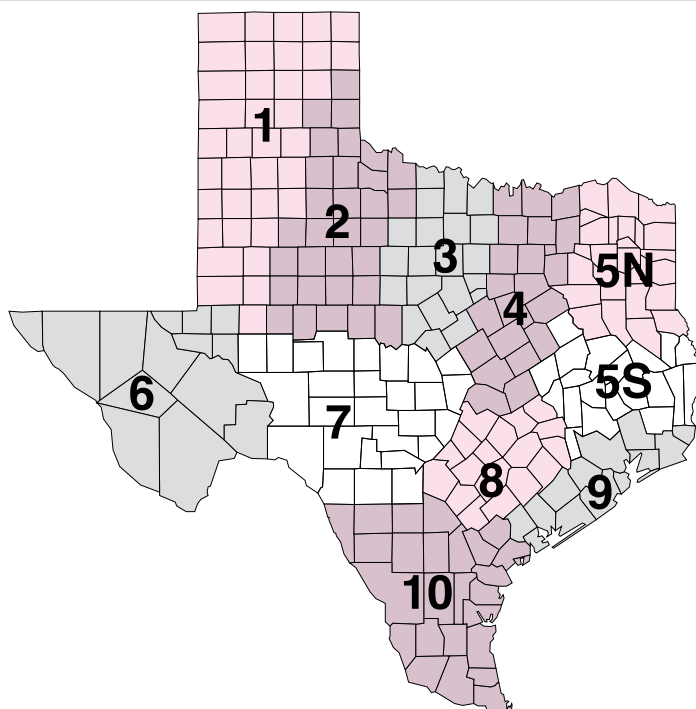
Farm milk prices are projected to rise about \$1.50 per cwt in 1996. Autumn increases from a year earlier are not expected to match the \$2 of spring and summer but will be substantial. The recent elimination of the producer assessment for deficit reduction will further raise the effective price to producers.

Higher milk prices are projected to outpace the 1996 increase in costs of grain and other concentrates. Higher returns are expected to hold year-to-year declines in milk cow numbers to about 1 percent, even though high alfalfa hay prices in the West have slowed expansion there. High grain prices and availability concerns probably will have a greater effect on milk per cow. Producers will continue to be conservative about concentrate feeding and cautious in their use of bovine somatotropin (bST). Milk per cow in 1996 is expected to rise only slightly more than 1 percent on a daily average basis, even though second-half 1995 was weakened by weather.

Tight domestic markets and weakening international markets will result in smaller 1996 exports. New agreements for commercial butter exports are highly unlikely until yearend. Subsidized exports of dry milks and cheese will continue during the rest of 1996, but volumes may be modest.

TEXAS GEOGRAPHIC REGIONS

AREA	REGION NAME
1	HIGH PLAINS
2	LOW PLAINS
3	CROSSTIMBERS
4	BLACKLANDS
5N	NORTH EAST
5S	SOUTH EAST
6	TRANS-PECOS
7	EDWARDS PLATEAU
8	SOUTH CENTRAL
9	UPPER COAST
10	SOUTH



TEXAS DAIRY MILK COMPONENTS FOR GEOGRAPHIC REGIONS - MAY 1996

REGION	NUMBER OF PRODUCER'S	% OF MILK MARKETED	PERCENT BUTTERFAT	PERCENT PROTEIN	PERCENT LACTOSE	PERCENT S-N-F	SCC (1,000)
1	23	2.52	3.65	3.06	4.82	8.60	219
2	20	1.23	3.39	3.15	4.82	8.69	299
3	486	45.57	3.44	3.12	4.82	8.66	274
4	229	9.52	3.53	3.10	4.82	8.64	285
5N	768	30.08	3.44	3.11	4.78	8.62	326
5S	35	0.87	3.45	3.07	4.75	8.54	340
6	13	4.16	3.34	2.94	4.74	8.39	209
7	25	1.48	3.54	3.10	4.80	8.60	260
8	83	2.99	3.72	3.18	4.78	8.68	297
9	6	0.24	3.49	3.13	4.73	8.58	328
10	26	1.35	3.88	3.30	4.75	8.78	339
TOTAL	1,714	100.00	3.47	3.11	4.81	8.64	288

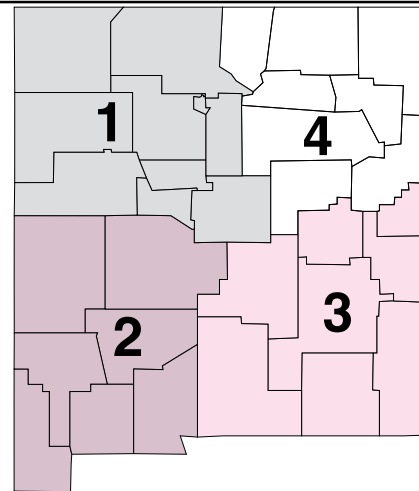
TEXAS DAIRY MILKING HERD SIZE ARRAY FOR GEOGRAPHIC REGIONS* - MAY 1996

REGION	NUMBER OF FARMS PER HERD SIZE GROUP (MILKING COW NUMBERS)							Total # Milking Cows
	0-100	101-250	251-500	501-750	751-1000	1001->		
1	5	7	6	2	2	1	8,367	
2	11	5	2	0	0	2	4,088	
3	138	170	93	37	21	27	151,575	
4	120	82	20	6	0	1	31,683	
5N	379	311	66	7	5	0	100,046	
5S	26	7	2	0	0	0	2,892	
6	2	1	4	0	0	6	13,828	
7	13	7	3	0	2	0	4,909	
8	55	18	7	2	1	0	9,955	
9	2	4	0	0	0	0	789	
10	14	7	2	2	1	0	4,490	
TOTAL	765	619	205	56	32	37	332,622	

*ESTIMATED BASED ON A 55 LB/DAY/COW AVERAGE

NEW MEXICO GEOGRAPHIC REGIONS

AREA	REGION NAME
1	NORTHWEST
2	SOUTHWEST
3	SOUTHEAST
4	NORTHEAST



NEW MEXICO DAIRY MILK COMPONENTS FOR GEOGRAPHIC REGIONS - MAY 1996

REGION	NUMBER OF PRODUCER'S	% OF MILK MARKETED	PERCENT BUTTERFAT	PERCENT PROTEIN	PERCENT LACTOSE	PERCENT S-N-F	SCC (1,000)
1	23	7.43	3.58	3.05	4.81	8.58	173
2	34	22.92	3.51	3.04	4.82	8.58	198
3	96	69.65	3.42	3.06	4.81	8.57	209
4	0	0	0	0	0	0	0
TOTAL	153	100.00	3.46	3.05	4.81	8.58	203

NEW MEXICO DAIRY MILKING HERD SIZE FOR GEOGRAPHIC REGIONS* - MAY 1996

REGION	NUMBER OF FARMS PER HERD SIZE GROUP (MILKING COW NUMBERS)						Total # Milking Cows
	0-250	251-500	501-1000	1001-2000	2001-3000	3001->	
1	10	4	6	2	1	0	12,375
2	4	5	5	18	2	0	38,168
3	10	12	23	42	9	2	115,977
4	0	0	0	0	0	0	0
TOTAL	24	21	34	62	12	2	166,520

*ESTIMATED BASED ON A 65 LB/DAY/COW AVERAGE

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 Butter	Block Cheese	Spray Powder
	126	138				126	138				
	----- Dollars Per Hundred Wt. -----								¢/Point	-----Cents Per Pound-----	
June 1995	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	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								
August	17.08	16.27	14.22								

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

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
June 1995	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
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

* In thousands.

NEW MEXICO - WEST TEXAS MILK MARKET AT A GLANCE

	REPORTED JUN. 1996	REPORTED MAY 1996	REPORTED JUN. 1995
TOTAL UTILIZATION			
CLASS I	51,516,838	59,404,568	56,476,070
CLASS II	7,371,897	9,394,093	14,882,624
CLASS III/III-A	97,014,144	96,245,638	118,453,035
CLOSING INVENTORY (CLASS I, II AND III)	9,531,363	8,818,049	8,232,563
TOTAL UTILIZATION	165,434,242	173,862,348	198,044,292
DAILY CLASS I UTILIZATION	1,717,228	1,916,276	1,882,536
JUN -DAILY CLASS I COMPARED TO:		-10.39%	-8.78%
CLASS I YEAR TO DATE (IN THOUSANDS)	349,194	297,678	349,841
% CHANGE FROM PREVIOUS YEAR	-.19%	+1.47%	+3.11%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	49,510,329	58,000,577	55,740,770
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	6,231,691	9,211,051	12,800,331
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	88,957,976	44,087,724	102,275,411
TOTAL PRODUCER RECEIPTS	144,699,996	111,299,352	170,816,512
OTHER SOURCE A/	14,546,307	52,725,817	14,729,861
OPENING INVENTORY	6,187,420	9,837,179	12,497,919
OVERAGE	519		
TOTAL RECEIPTS	165,434,242	173,862,348	198,044,292
DAILY PRODUCER RECEIPTS	4,823,333	3,590,302	5,693,884
JUN -DAILY PRODUCER RECEIPTS COMPARED TO:		+34.34%	-15.29%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	896,351	751,651	1,009,111
% CHANGE FROM PREVIOUS YEAR	-11.18%	-10.34%	+3.27%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.417%	3.527%	3.430%
% PRODUCER MILK CLASSIFIED AS CLASS I	34.22%	52.11%	32.63%
NUMBER OF PRODUCERS	189	235	126
AVERAGE DAILY DELIVERY PER PRODUCER	25,520	15,278	45,190
NUMBER OF POOL HANDLERS	17	14	15

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

THE MARKET ADMINISTRATOR'S *REPORT*

**TEXAS MARKETING AREA
NEW MEXICO - WEST TEXAS MARKETING AREA**
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TEXAS MILK MARKET AT A GLANCE

	REPORTED JUN. 1996	REPORTED MAY 1996	REPORTED JUN 1995
TOTAL UTILIZATION			
CLASS I	247,539,012	269,061,583	253,500,523
CLASS II	113,722,109	111,989,021	110,230,311
CLASS III/III-A	203,582,856	282,801,290	207,403,220
CLOSING INVENTORY (CLASS I, II AND III)	33,396,315	22,975,207	20,844,601
TOTAL UTILIZATION	598,240,292	686,827,101	591,978,655
DAILY CLASS I UTILIZATION	8,251,300	8,679,406	8,450,017
JUN -DAILY CLASS I COMPARED TO:		-4.93%	-2.35%
CLASS I YEAR TO DATE (IN THOUSANDS)	1,593,149	1,345,610	1,584,595
% CHANGE FROM PREVIOUS YEAR	+5.4%	+1.09%	-1.46%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	244,160,854	268,078,739	254,204,782
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	107,029,434	101,681,447	97,383,018
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	208,859,584	268,085,873	193,558,759
TOTAL PRODUCER RECEIPTS	560,049,872	637,846,059	545,146,559
OTHER SOURCE A/	15,524,942	17,924,511	18,865,846
OPENING INVENTORY	22,649,000	31,001,390	27,940,366
OVERAGE	16,478	55,141	25,884
TOTAL RECEIPTS	598,240,292	686,827,101	591,978,655
DAILY PRODUCER RECEIPTS	18,668,329	20,575,679	18,171,552
JUN -DAILY PRODUCER RECEIPTS COMPARED TO:		-9.27%	+2.73%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	3,697,881	3,137,831	3,376,484
% CHANGE FROM PREVIOUS YEAR	+9.52%	+10.83%	+2.13%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.411%	3.458%	3.436%
% PRODUCER MILK CLASSIFIED AS CLASS I	43.60%	42.03%	46.63%
NUMBER OF PRODUCERS	1,771	1,740	2,203
AVERAGE DAILY DELIVERY PER PRODUCER	10,541	11,825	8,249
NUMBER OF POOL HANDLERS	31	32	33

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