

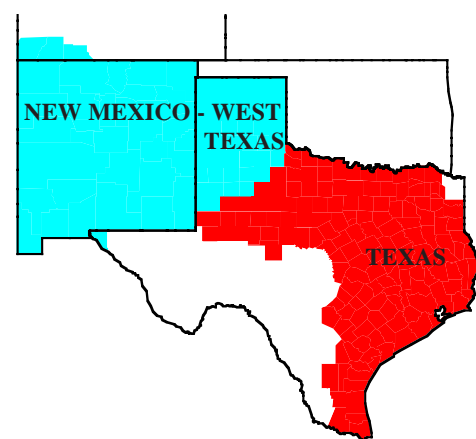
## THE MARKET ADMINISTRATOR'S

# REPORT



### TEXAS MARKETING AREA NEW MEXICO - WEST TEXAS MARKETING AREA

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### MARKET SUMMARIES FOR AUGUST

The August Class III price increased 45 cents from the previous month to \$14.94. The Class II price for August of \$14.22 per hundredweight increased 15 cents from \$14.07 in July. August's Class III-A price decreased 19 cents from July's level to \$15.82.

**Texas:** Producers who delivered milk to handlers located in Zones 1 and 2 of the Texas Milk Market Order received \$16.12 per hundredweight for deliveries of milk containing 3.5% butterfat. The August price was up 34 cents from July.

Producers delivered a total of 468,279,839 pounds of milk during August. On a daily basis this represents a decrease of 9.22 percent from the producer receipts level in July and it represents a decrease of 10.56 percent when compared to the producer receipts level of August 1995.

Producer milk classified as Class I during August amounted to 62.92 percent of total producer receipts. This figure is up from July's 53.19 percent and it is up from 51.45 percent in August 1995. The average butterfat test of producer milk pooled during August 1996 was 3.483 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 \$15.37 per hundredweight for deliveries of milk containing 3.5% butterfat. The August price was up 30 cents from its July level.

Producers delivered a total of 206,078,545 pounds of milk during August. On a daily basis this represents an increase of 20.79 percent from the producer receipts level in July and it represents an increase of 66.11 percent when compared to the producer receipts level of August 1995.

Producer milk classified as Class I during August

amounted to 29.12 percent of total producer receipts. This figure is down from 31.84 percent in July and it is down from 50.92 percent in August 1995. The average butterfat test of producer milk pooled during August 1996 was 3.454 percent.

### EXTENDING AUTHORITY FOR PRODUCTION PLANS IN ORDERS FAILS

The Senate tried but failed to enact provisions in the \$53 billion Agriculture Appropriations bill recently approved by Congress to extend the authority for including seasonal base plans and takeout/payback (Louisville) plans in federal milk orders. Statutory provisions specifically authorizing the Secretary of Agriculture to include such plans in federal milk orders expires December 31, 1996. The Agriculture Appropriations bill passed by the Senate extended the expiring authority but the House passed bill did not contain an extension. The extension failed when the Conference Committee appointed to resolve differences in the bills agreed on the House bill.

### CSCE FILES TO TRADE BUTTER FUTURES AND OPTIONS

The Coffee, Sugar and Cocoa Exchange, Inc. (CSCE) has filed with the Commodity Futures Trading Commission to trade butter futures and options. "Butter futures and options are a natural extension of the exchange's existing dairy products line," said CSCE President James Bowe.

"The introduction of these markets will further the exchange's continuing efforts to provide the widest possible spectrum of price risk management tools to the dairy industry." CSCE introduced cheddar cheese and nonfat dry milk futures and options in June 1993 and added milk futures and options last December.

The proposed CSCE butter futures contract was developed with the guidance of the dairy industry and formulated in accordance with existing cash market practices, CSCE said.

The contract calls for FOB delivery of Grade AA "fresh" or "storage" salted butter throughout the continental U.S. The contract will trade in cents per pound for 10,000 pound trading units. The delivery unit would be 40,000 pounds. There would be a six cent daily variable limit effective under certain conditions. There would be no price limits on the two nearby trading months.

### **USDA'S AMPLIFIED DECISION REMANDED FOR FURTHER EXPLANATION**

On May 16, 1996 the United States District Court, District of Minnesota, Fourth Division, issued an order regarding a lawsuit originally filed during January 1990 by the Minnesota Milk Producers Association and several dairy producers. The District court found that the Secretary's national hearing rulemaking decision issued in March 1993 and amplified in a subsequent final decision in August 1994 was arbitrary and capricious with respect to the Class I pricing structure used under the Federal milk order program. The court has remanded the decision to the Secretary for specific action within 120 days.

On September 10, 1996, Michael V. Dunn, Assistant Secretary, Marketing and Regulatory Programs signed a second Amplified Final Decision. This second Amplified Decision concludes that no additional regulatory changes are needed. For further information or to receive a copy of this document, please contact the Market Administrator in Carrollton, Texas.

### **USDA PROPOSES YOGURT AS MEAT ALTERNATIVE**

The Agriculture Department has proposed to allow yogurt to be credited as a meat alternative in the National School Lunch, School Breakfast, Summer Food Service and Child and Adult Care Food programs.

In comments to USDA's Food and Consumer Service, Jim Barr, National Milk Producers Federation Chief Executive Officer, said "including yogurt as a meat alternative will increase calcium consumption in those populations, especially middle school age and teenage girls, now consuming less than recommended daily amounts." Barr said studies show that 24 percent of the yogurt consumed in the U.S. is eaten by 18-year-olds and younger.

"Yogurt is a versatile, nutritious, convenient and

popular food," said Barr. "The inclusion of yogurt will give meal planners more flexibility and will enhance the department's goal of improving the nutritional value of food served using the popular food based menu system."

USDA has permitted yogurt to be counted as a meat alternative in the Summer Food Service and Child and Adult Care Food programs. The department proposed the change after additional meat alternatives were requested for the National School Lunch and School Breakfast programs. The change would give local food service operations greater flexibility in planning and preparing meals.

### **NORTHEAST INTERSTATE DAIRY COMPACT AUTHORITY GRANTED**

The Federal Agriculture Improvement and Reform (FAIR) Act of 1996 provided congressional consent to the Northeast Interstate Dairy Compact if the Secretary of Agriculture found "compelling public interest." After receiving approximately 1,600 comments, 95 percent of which were favorable, during the 30-day comment period which ended June 3, 1996, Secretary of Agriculture Dan Glickman granted the New England states the authority to implement the Compact.

The State legislatures in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont have approved the Northeast Interstate Dairy Compact. The governor of each Compact State has signed a resolution supporting the Compact, and Congress has consented to the Compact in the FAIR Act of 1996.

Secretary Glickman said that he expects the Compact Commission to implement the Compact in a way that does not burden other regions of the country, consistent with the provisions of the Fair Act and the Compact. Glickman noted that the Compact would be monitored for adverse effects on the income of dairy producers outside the Compact region as well as the extent to which the Commission utilizes its authority to impose production controls to minimize the effect of the Compact on other dairy producing regions.

Secretary Glickman also expressed concern about the effect of the Compact on consumers, low income families, and the nutrition programs within the Compact region. The Compact will expire when a new nationwide Federal milk marketing order structure is implemented. Glickman warned that if expectations are not met, he will revoke authority for the Compact before it would expire on December 31, 1998.

## TOP TEN TEXAS COUNTIES a/ – AUGUST 1996

County	Number of Producers	Pounds	% Change From 1995	County	Number of Producers	Pounds	% Change From 1995
1. Erath	182	112,797,229	+5.73	7. Hamilton	36	14,549,366	+3.60
2. Hopkins	348	54,029,594	-5.87	8. Wood	79	12,638,110	-14.29
3. Comanche	59	32,849,520	+9.49	9. Cherokee	40	11,525,955	-8.96
4. El Paso	9	18,142,450	-2.41	10. Wise	51	8,028,767	-5.00
5. Johnson	59	17,445,080	+5.57	Ten County Total	928	298,274,908	+1.25 b/
6. Archer	65	16,268,837	+15.83	Other Counties Total	724	150,145,345	-1.06
				Texas Total	1,652	448,420,253	+4.6

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				Butter	Cheese		Powder		
	Dollars Per Hundred Wt. -----						¢/Point	Cents Per Pound-----			
August 1995	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	14.94	15.82	16.12	15.37	15.8	145.00	163.58	130.91
September	17.65	16.84	14.79								
October	18.10	17.29	15.24								

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

## TOP NEW MEXICO COUNTIES a/ – AUGUST 1996

County	Number of Producers	Pounds	% Change From 1995	County	Number of Producers	Pounds	% Change From 1995
1. Chaves	40	111,398,468	-0.03	7. Valencia	12	11,122,007	+2.24
2. Dona Ana	26	61,004,484	+6.55	8. Bernalillo	8	8,923,922	-13.83
3. Roosevelt	29	38,351,776	-7.83	9. Socorro	8	6,685,903	+6.76
4. Curry	9	30,083,666	+13.56				
5. Lea	12	17,467,501	+7.91	Nine County Total	149	301,038,653	+1.09
6. Eddy	5	16,000,926	-7.68	Other Counties Total	6	8,360,397	+23.29
				New Mexico Total	155	309,399,050	+1.58

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 AUGUST 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	448,420,253	1,652	-6.18	+ .46
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>+ .06</u>	
Years Total	6,200,845,698		6,090,263,496				-1.78	

\*Revised figures

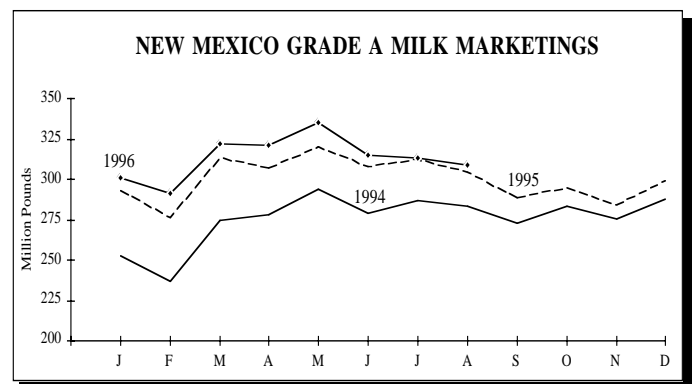
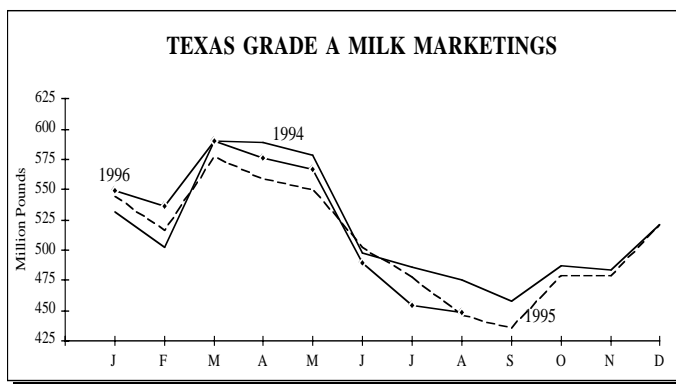
\*\*February figures are based upon average daily production.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 1994 THROUGH AUGUST 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	+ .30
August	283,870,810	150	304,582,850	153	309,399,050	155	+7.30	+1.58
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>
August 1995	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
August	3.50	3.44	3.20	3.10	4.71	4.75	8.59	8.55	446	272

\* In thousands.

## NEW MEXICO - WEST TEXAS MILK MARKET AT A GLANCE

	<u>REPORTED</u> <u>AUG. 1996</u>	<u>REPORTED</u> <u>JUL. 1996</u>	<u>REPORTED</u> <u>AUG. 1995</u>
<b>TOTAL UTILIZATION</b>			
CLASS I	60,672,401	55,285,032	63,760,203
CLASS II	7,407,826	7,228,643	15,542,757
CLASS III/III-A	140,397,138	113,082,035	69,810,030
CLOSING INVENTORY (CLASS I, II AND III)	8,077,103	7,725,789	7,784,410
TOTAL UTILIZATION	216,554,468	183,321,499	156,897,400
DAILY CLASS I UTILIZATION	1,957,174	1,783,388	2,056,781
AUG -DAILY CLASS I COMPARED TO:		+9.74%	-4.84%
CLASS I YEAR TO DATE (IN THOUSANDS)	516,669	455,996	468,731
% CHANGE FROM PREVIOUS YEAR	+10.23%	+12.60	+3.61%
<b>TOTAL RECEIPTS</b>			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	60,000,685	54,330,859	63,168,946
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	6,318,676	5,856,169	13,484,235
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	139,759,184	110,426,492	47,408,575
TOTAL PRODUCER RECEIPTS	206,078,545	170,613,520	124,061,756
OTHER SOURCE A/	2,750,134	3,225,632	23,068,778
OPENING INVENTORY	7,725,789	9,479,483	9,732,641
OVERAGE		2,864	34,225
TOTAL RECEIPTS	216,554,468	183,321,499	156,897,400
<b>DAILY PRODUCER RECEIPTS</b>	6,647,695	5,503,662	4,001,992
AUG -DAILY PRODUCER RECEIPTS COMPARED TO:		+20.79%	+66.11%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	1,417,743	1,211,665	1,270,874
% CHANGE FROM PREVIOUS YEAR	+11.56%	+5.66%	+3.59%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.454%	3.424%	3.516%
% PRODUCER MILK CLASSIFIED AS CLASS I	29.12%	31.84%	50.92%
NUMBER OF PRODUCERS	188	189	133
AVERAGE DAILY DELIVERY PER PRODUCER	35,360	29,120	30,090
NUMBER OF POOL HANDLERS	16	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 AUG. 1996	REPORTED JUL. 1996	REPORTED AUG. 1995
<b>TOTAL UTILIZATION</b>			
CLASS I	298,522,517	273,324,636	265,136,551
CLASS II	110,084,510	117,706,266	112,121,377
CLASS III/III-A	87,671,678	151,608,868	162,443,908
CLOSING INVENTORY (CLASS I, II AND III)	28,722,426	29,968,282	28,980,352
TOTAL UTILIZATION	525,001,131	572,608,052	568,682,188
DAILY CLASS I UTILIZATION	9,629,759	8,816,924	8,552,792
AUG -DAILY CLASS I COMPARED TO:		+9.22%	+12.59%
CLASS I YEAR TO DATE (IN THOUSANDS)	2,164,996	1,866,474	2,080,522
% CHANGE FROM PREVIOUS YEAR	+4.06%	+2.81%	-3.59%
<b>TOTAL RECEIPTS</b>			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	294,635,490	274,398,983	269,363,338
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	100,803,761	107,236,573	97,984,938
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	72,840,588	134,214,583	156,233,389
TOTAL PRODUCER RECEIPTS	468,279,839	515,850,139	523,581,665
OTHER SOURCE A/	26,753,010	23,358,805	19,618,122
OPENING INVENTORY	29,968,282	33,399,052	25,481,747
OVERAGE		56	654
TOTAL RECEIPTS	525,001,131	572,608,052	568,682,188
<b>DAILY PRODUCER RECEIPTS</b>	15,105,801	16,640,327	16,889,731
AUG -DAILY PRODUCER RECEIPTS COMPARED TO:		-9.22%	-10.56%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	4,682,011	4,213,731	4,441,754
% CHANGE FROM PREVIOUS YEAR	+5.41%	+7.54%	+1.19%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.483%	3.412%	3.436%
% PRODUCER MILK CLASSIFIED AS CLASS I	62.91%	53.19%	51.45%
NUMBER OF PRODUCERS	1,709	1,732	2,042
AVERAGE DAILY DELIVERY PER PRODUCER	8,839	9,608	8,271
NUMBER OF POOL HANDLERS	31	31	30

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