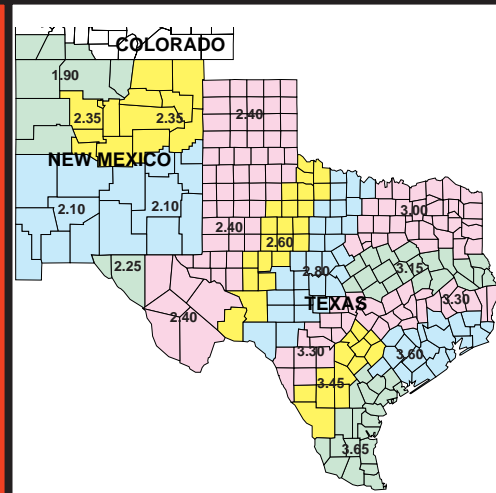


# THE MARKET ADMINISTRATOR'S

# REPORT



## SOUTHWEST MARKETING AREA

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VOLUME XXVI, NO. 11

NOVEMBER 2000

## MARKET SUMMARY FOR OCTOBER

The Producer Price Differential (P.P.D.) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$2.87 for October. Butterfat price decreased \$0.0263 per pound from \$1.2707 in September to the level of \$1.2444 for October. Protein price decreased \$0.2109 cents per pound to \$1.8028 in October from \$2.0137 in September. October's Other Solids price decreased \$0.0031 per pound from the previous month to \$0.0471. The Somatic Cell Count adjustment rate factor for October was .00058 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a September statistical uniform price of \$12.89 per hundredweight for milk testing 3.5% butterfat, 2.99% true protein, 5.69% other solids and 350,000 SCC. This is a decrease of 39 cents in comparison to the statistical blend price of \$13.28 in September.

The October Class I price increased 5 cents from \$14.84 in September to the October level of \$14.89. The Class II price for October of \$12.54 per hundred-weight decreased 4 cents from \$12.58 in September. October's Class III price decreased 74 cents from \$10.76 in September to \$10.02 in October. The Class IV price decreased 13 cents from \$11.94 in September to \$11.81 in October.

In October 846 producers delivered a total of 728,266,072 pounds of milk. On a daily basis this represents an increase of 3.35 percent from the producer receipts level in September and it represents an increase of 5.24 percent when compared to the producer receipts level of October 1999.

Producer milk classified as Class I during October amounted to 47.53 percent of total producer receipts. This figure is down from 49.12 percent in September and it is down from 48.41 percent in October 1999. The average butterfat test of producer milk pooled during October was 3.645 percent, average protein test was 3.118 percent, average other solids test was 5.670 percent and the average somatic cell count was 299,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Oct 00	Sep 00	Oct 00	Sep 00	Oct 00	Sep 00
Appalachian	14.27	14.41	-----	-----	72.68	76.31
Arizona-Las Vegas	11.99	12.32	-----	-----	36.72	34.69
Central	11.40	11.97	1.38	1.21	29.63	31.39
Florida	15.48	15.59	-----	-----	89.79	91.66
Mideast	12.04	12.53	2.02	1.77	43.30	45.90
Northeast	13.32	13.63	3.30	2.87	48.50	49.30
Pacific Northwest	11.79	12.11	1.77	1.35	30.23	30.21
Southeast	13.89	14.16	-----	-----	66.37	71.94
<b>Southwest</b>	<b>12.89</b>	<b>13.28</b>	<b>2.87</b>	<b>2.52</b>	<b>47.53</b>	<b>49.12</b>
Upper Midwest	10.88	11.46	0.86	0.70	20.90	20.20
Western	11.49	11.94	1.47	1.18	29.59	29.37

## **FARM SPENDING BILL SIGNED HELP FOR DAIRY FARMERS ON THE WAY**

On October 28, 2000, the farm spending bill for this fiscal year was signed. The measure provides approximately \$3.5 billion in disaster assistance for America's farmers and ranchers, who have been forced to contend with drought, floods, fires, and low prices this year including \$1.3 billion for crop loss payments, \$667 million for dairy market loss payments, \$450 million for livestock assistance and \$158 million for apple and cranberry growers. Agriculture Secretary Dan Glickman said "I know these funds will help prevent some small and medium-size family farmers from going out of business."

Glickman said that the agricultural appropriations bill that President Clinton signed provides \$667 million to help dairy farmers cope with low milk prices, which have declined for three consecutive years, and are now the lowest since 1991. About 80,000 dairy farmers across the country will receive an average of \$8,300 each. The maximum payment per farmer will be capped at \$25,000. Overall, USDA expects to distribute more than twice as much dairy market loss assistance this year as it has in the last two years.

Estimates indicate that Wisconsin dairy farmers will receive about \$137 million. New York farmers will receive an estimated \$60 million, Minnesota is expected to receive about \$56 million, California about \$51 million, and Pennsylvania about \$48.5 million. No estimates were given for New Mexico or Texas.

In addition, Glickman announced a major expansion of USDA's Dairy Options Pilot Program. This innovative cost-share program helps dairy farmers put a "floor" under the price they receive for milk using the futures and options markets. USDA subsidizes both premiums and brokerage fees for participating dairy farmers. USDA will spend about \$24 million over the next two years expanding this program, but the innovative approach used will allow dairy farmers to leverage significantly more protection against price drops. The program, currently operating in 61 counties is available on the web at <http://www.usda.gov/news/releases/2000/10/372.pdf>

The market loss assistance payments will be made to dairy farmers who received payments in the last two years as well as new producers. In an effort to speed payments and eliminate the need for a sign-up, payments to previous participants will be automatically calculated based on 1997 or 1998 production levels, whichever are higher. In order to better target small to medium-sized producers, payment

calculations for all participants will be limited to the first 39,000 cwt. of production. All dairy farmers will receive the same payment rate. Further details are expected to be announced next month.

## **NOMINATION SOUGHT FOR NATIONAL FLUID MILK BOARD**

The U.S. Department of Agriculture is asking dairy processors and other interested parties to nominate candidates for the National Fluid Milk Processor Promotion Board.

The Secretary of Agriculture will appoint seven individuals from those nominated to succeed members whose terms expire May 31, 2001. Newly appointed or reappointed members will serve 3-year terms from June 1, 2001 through May 31, 2004.

The National Fluid Milk Processor Promotion Board was established by the Fluid Milk Promotion Act of 1990 to develop and administer a coordinated program of advertising and education to promote fluid milk products. Of the Board's 20 members, 15 represent geographic regions and 5 are at-large members. The at-large members must include at least three milk processors and at least one member of the general public. Currently, there are two members of the general public serving on the Board.

The national fluid milk program is financed by a mandatory 20-cent per hundredweight assessment on fluid milk processors who process and market more than 500,000 pounds of fluid milk products per month in the contiguous 48 states and the District of Columbia.

USDA will accept applications for board representation in five geographic regions and two at-large positions. Nominees must be active owners or employees of a fluid milk processor for all regional positions and at least one at-large position. The other at-large position may be filled by a member of the general public. The geographic regions are: Region 1 (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont); Region 4 (Georgia, North Carolina and South Carolina); Region 7 (Michigan, Minnesota, North Dakota, South Dakota and Wisconsin); Region 10 (Texas); and Region 13 (Idaho, Montana, Oregon, Washington and Wyoming). No fluid milk processor shall be represented on the board by more than three members. Fluid milk processors and others may submit nominations for regions in which they are located or market fluid milk and for at-large members.

## TOP TEN TEXAS COUNTIES a/ – OCTOBER 2000

County	Number of Producers	Pounds	% Change From 1999b/	County	Number of Producers	Pounds	% Change From 1999b/
1. Erath	144	115,883,564	-0.42	7. Hamilton	18	12,904,480	-12.26
2. Comanche	47	42,104,416	+6.25	8. Wood	54	12,268,716	-8.81
3. Hopkins	204	41,349,376	+1.86	9. Johnson	30	12,267,886	-3.56
4. Archer	58	21,259,311	+8.30	10. Tom Green	9	10,086,546	+27.70
5. El Paso	8	20,179,411	-6.83	Ten County Total	575	301,922,264	+1.65 b/
6. Lamb	3	13,618,558	+37.01	Other Counties Total	483	136,040,943	+0.65
				Texas Total	1,058	437,963,207	+1.34

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.

## Class Prices at 3.5%, for Federal Orders 126 Formula Prices and Price Quotations

Month	Class Prices & P.P.D.					Component Prices			NASS Product Prices				
	I a/	II	III	IV	P.P.D.a/	BF	Other Solids	True Protein	SCC c/ Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
September 1999	16.75	13.89	16.26	12.37		147.71	5.39	338.53	.00085	132.52	170.84	101.74	18.92
October	18.95	16.09	11.49	11.78		123.57	5.93	261.38	.00070	112.73	139.34	101.83	19.44
November	19.42	16.56	9.79	11.57		115.82	5.65	206.96	.00060	106.37	120.58	101.68	19.17
December	14.65	11.79	9.63	10.69		98.04	5.39	206.15	.00057	91.79	113.71	101.11	18.92
Averages 1999b/	16.82	13.96	12.43	12.14		136.02	5.15	247.16	.00070	122.94	139.84	101.78	18.69
January 2000	13.90	11.43	10.05	10.73	1.96	93.66	5.03	216.77	.00058	88.20	115.17	101.15	18.57
February	13.71	11.51	9.54	10.80	2.28	95.88	4.32	198.49	.00055	90.02	110.67	101.06	17.88
March	13.84	11.71	9.54	11.00	2.36	101.91	4.24	191.66	.00055	94.97	110.93	100.94	17.80
April	13.93	12.10	9.41	11.38	2.64	113.52	4.08	173.99	.00055	104.49	110.11	100.78	17.65
May	14.48	12.63	9.37	11.91	3.06	128.54	4.03	155.14	.00055	116.80	110.22	100.71	17.60
June	14.70	13.08	9.46	12.38	3.29	141.28	4.38	142.78	.00056	127.25	111.37	100.97	17.94
July	15.46	12.58	10.66	11.87	2.70	126.91	5.57	197.26	.00061	115.47	121.89	101.02	19.09
August	14.95	12.56	10.13	11.87	3.03	126.59	5.77	179.52	.00058	115.20	116.60	101.08	19.29
September	14.84	12.58	10.76	11.94	2.52	127.07	5.02	201.37	.00062	115.60	123.15	101.66	18.56
October	14.89	12.54	10.02	11.81	2.87	124.44	4.71	180.28	.00058	113.44	116.02	101.27	18.26

a/ Subject to location adjustments. b/ Simple averages c/ SCC adjustment rate is per 1,000 difference.

## TOP NEW MEXICO COUNTIES a/ – OCTOBER 2000

County	Number of Producers	Pounds	% Change From 1999b/	County	Number of Producers	Pounds	% Change From 1999b/
1. Chaves	41	144,468,635	+6.62	7. Socorro	7	10,244,622	+6.44
2. Dona Ana	25	70,643,698	+10.27	8. Valencia	10	9,679,689	+6.00
3. Roosevelt	34	64,578,444	+32.16	9. Bernalillo	5	5,780,543	-7.88
4. Curry	16	62,823,983	+12.65				
5. Lea	14	36,258,856	+11.51	Nine County Total	158	428,884,951	+11.52 b/
6. Eddy	6	24,406,481	+6.93	Other Counties Total	5	9,525,648	-2.85
				New Mexico Total	163	438,410,599	+11.17

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 1998 THROUGH OCTOBER 2000, WITH PERCENTAGE COMPARISONS**

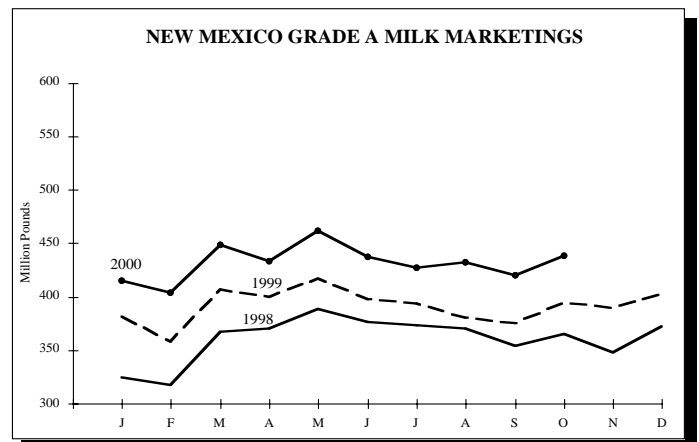
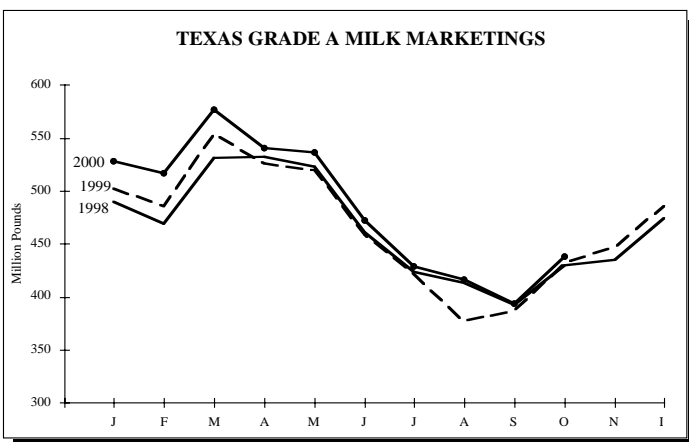
MONTH	1998 POUNDS	Number of Producers	1999 POUNDS	Number of Producers	2000 POUNDS	Number of Producers	PERCENT CHANGE 1999/98	PERCENT CHANGE 2000/99
January	491,168,340	1,359	501,754,729	1,251	528,032,131	1,156	+2.16	+5.24*
February	469,305,849	1,347	486,044,271	1,245	517,023,791	1,141	+3.57	+6.37*
March	532,588,272	1,339	553,983,640	1,241	577,134,609	1,134	+4.02	+4.18*
April	532,823,237	1,336	525,773,380	1,233	540,903,763	1,121	-1.32	+2.88*
May	524,523,430	1,319	519,613,189	1,219	536,505,477	1,112	-0.94	+3.25*
June	464,057,905	1,321	458,247,406	1,216	472,478,168	1,103	-1.25	+3.11*
July	422,973,696	1,305	421,397,795	1,206	428,683,700	1,089	-0.39	+1.73*
August	413,296,879	1,298	377,392,147	1,197	415,788,563	1,082	-8.69	+10.17*
September	392,427,802	1,300	386,931,407	1,189	393,642,034	1,066	-1.40	+1.73*
October	429,372,951	1,289	432,175,585	1,181	437,963,207	1,058	+0.65	+1.34
November	435,572,798	1,271	447,062,545	1,166			+2.64	
December	<u>474,573,747</u>	1,260	<u>485,682,323</u>	1,160			<u>+2.34</u>	
Years Total	5,582,684,906		5,596,058,417				+0.24	

\*Revised

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 1998 THROUGH OCTOBER 2000, WITH PERCENTAGE COMPARISONS**

MONTH	1998 POUNDS	Number of Producers	1999 POUNDS	Number of Producers	2000 POUNDS	Number of Producers	PERCENT CHANGE 1999/98	PERCENT CHANGE 2000/99
January	324,314,276	158	381,115,401	156	414,930,653	158	+17.51	+8.87*
February	317,500,751	156	358,049,940	157	404,085,655	158	+12.77	+12.86*
March	366,656,779	157	406,789,374	156	447,971,781	158	+10.95	+10.12*
April	369,782,775	156	399,229,362	157	433,303,618	159	+7.96	+8.54*
May	388,308,155	155	416,852,251	157	461,526,991	159	+7.35	+10.72*
June	378,569,203	159	397,483,877	159	437,718,050	159	+5.00	+10.12*
July	372,803,402	157	393,796,366	158	427,456,503	159	+5.63	+8.55*
August	370,668,016	156	380,628,318	158	431,815,797	160	+2.69	+13.45*
September	353,457,040	155	374,886,452	160	419,669,872	161	+6.06	+11.95*
October	365,469,264	159	394,366,657	162	438,410,599	163	+7.91	+11.17
November	348,126,652	158	389,857,074	159			+11.99	
December	<u>371,894,332</u>	157	<u>403,101,846</u>	158			<u>+8.39</u>	
Years Total	4,327,550,645		4,696,156,918				+8.52	

\*Revised



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## TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat		Protein <sup>b/</sup>		Other Solids <sup>b/</sup>		S-N-F		SCC <sup>a/</sup>	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
October 1999	3.70	3.61	3.15	3.09	5.63	5.65	8.78	8.74	357	273
November	3.71	3.67	3.13	3.10	5.65	5.65	8.78	8.75	333	244
December	3.75	3.72	3.13	3.13	5.66	5.68	8.79	8.81	324	248
Averages 1999	3.60	3.55	3.07	3.02	5.66	5.67	8.73	8.69	369	267
January 2000	3.71	3.68	3.08	3.08	5.69	5.68	8.77	8.77	313	257
February	3.68	3.62	3.06	3.06	5.70	5.69	8.76	8.75	318	252
March	3.62	3.59	3.05	3.04	5.71	5.70	8.76	8.74	318	253
April	3.59	3.55	3.06	3.03	5.71	5.70	8.76	8.73	343	257
May	3.56	3.49	3.03	2.99	5.69	5.70	8.72	8.70	369	253
June	3.55	3.44	3.03	2.96	5.67	5.67	8.70	8.63	415	272
July	3.54	3.42	3.01	2.91	5.62	5.63	8.63	8.54	419	287
August	3.55	3.44	3.05	2.95	5.60	5.62	8.65	8.57	420	287
September	3.59	3.48	3.10	3.01	5.61	5.63	8.71	8.64	419	278
October	3.72	3.59	3.16	3.10	5.67	5.67	8.82	8.77	369	258

a/ In thousands. b/ Estimated for 1999: True Protein = Crude Protein - .19 and Other Solids = SNF - True Protein

### OCTOBER 2000 COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$410,551.47
Class I Butterfat	60(a)	7,955,343	\$1.2866	\$10,235,344.32
Class I Skim Per Cwt		338,182,437	\$10.7600	\$36,388,430.23
Class II Butterfat	60(b)	5,938,227	\$1.2514	\$7,431,097.25
Class II Nonfat Solids		5,108,413	\$0.9400	\$4,801,908.22
Class III Butterfat	60(c)	9,173,306	\$1.2444	\$11,415,261.98
Class III Protein		8,115,074	\$1.8028	\$14,629,855.37
Class III Other Solids		14,782,104	\$0.0471	\$696,237.11
Class IV Butterfat	60(d)	3,480,155	\$1.2444	\$4,330,704.91
Class IV Nonfat Solids		5,072,610	\$0.8585	\$4,354,835.70
Class II, III & IV Somatic Cell Adj.	60(e)			\$156,385.34
Total Producer Milk-Product Lbs & Value		728,266,072		\$94,850,611.90
Add: Value as for 60(f) Thru 60(j)				\$19,459.75
Less: Total Protein Pounds	61(b)	22,707,206	<b>\$1.8028</b>	\$40,936,550.96
Total Other Solids Pounds		41,294,656	<b>\$0.0471</b>	\$1,944,978.32
Total Butterfat Pounds		26,547,031	<b>\$1.2444</b>	\$33,035,125.40
Total Value of Somatic Cell Adjustment				\$213,126.86
<b>Total Milk and Value</b>		728,266,072		\$18,740,290.11
Add: Location Differential Adjustments	61(c)			\$2,143,466.91
Producer-Settlement Fund	61(d)			\$357,629.82
<b>Total Producer Milk/URSP and Value</b>		728,628,082	\$2.91525	\$21,241,386.84
Less: Producer-Settlement Fund	61(f)		\$0.04525	\$329,760.89
<b>Producer Price Differential (Dallas County)</b>			<b>\$2.87</b>	\$20,911,625.95

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**OCTOBER 2000**  
**PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	346,137,780	47.53	7,955,343	29.97	338,182,437	48.19
Class II	61,948,053	8.51	5,938,227	22.37	56,009,826	7.98
Class III	261,069,408	35.84	9,173,306	34.55	251,896,102	35.90
Class IV	59,110,831	8.12	3,480,155	13.11	55,630,676	7.93
Total	728,266,072	100.00	26,547,031	100.00	701,719,041	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,996,769	48.42	19,926,893	48.26	30,923,660	48.31
Class II	1,811,080	7.98	3,297,334	7.98	5,108,413	7.98
Class III	8,115,074	35.74	14,782,104	35.80	22,897,179	35.78
Class IV	1,784,283	7.86	3,288,325	7.96	5,072,610	7.93
Total	22,707,206	100.00	41,294,656	100.00	64,001,862	100.00