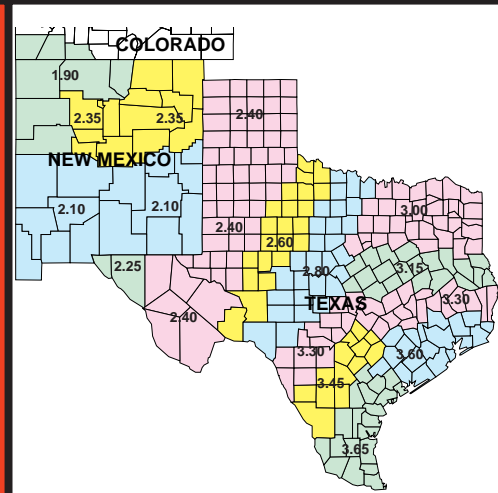


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR NOVEMBER

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 \$2.13 for November. Butterfat price increased \$0.0197 per pound from \$1.0726 in October to the level of \$1.0923 in November. Protein price decreased \$0.3370 per pound from \$2.1839 in October to \$1.8469 in November. November's Other Solids price increased \$0.0095 per pound from the previous month to \$0.0850. The Somatic Cell Count adjustment rate factor for October was .00056 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a November statistical uniform price of \$11.97 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 \$0.10 in comparison to the statistical blend price of \$12.07 in October.

The November Class I price increased 45 cents

from \$13.15 in October to the November level of \$13.60. The Boston Class I price of \$13.85 produced a dairy deficiency payment of \$1.39 for November. The Class II price for November of \$11.26 per hundredweight increased \$0.14 from \$11.12 in October. November's Class III price decreased \$0.88 from \$10.72 in October to \$9.84 in November. The Class IV price increased \$0.08 from \$10.50 in October to \$10.58 in November.

In November 967 producers delivered a total of 738,152,232 pounds of milk. On a daily basis this represents a decrease of 3.82 percent from the producer receipts level in October but it represents an increase of 3.17 percent when compared to the producer receipts level of November 2001.

Producer milk classified as Class I during November amounted to 46.59 percent of total producer receipts. This figure is up slightly from 45.64 percent in October but it is down from 48.77 percent in November 2001. The average butterfat test of producer milk pooled during October was 3.814 percent, average protein test was 3.158 percent, average other solids test was 5.681 percent and the average somatic cell count was 327,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Nov 02	Oct 02	Nov 02	Oct 02	Nov 02	Oct 02
Appalachian	13.06	12.91	-----	-----	71.63	75.85
Arizona-Las Vegas	11.14	11.38	-----	-----	34.52	35.73
Central	10.74	11.18	0.90	0.46	27.39	26.75
Florida	14.32	14.03	-----	-----	90.42	91.74
Mideast	11.17	11.32	1.33	0.60	43.00	40.10
Northeast	12.31	12.40	2.47	1.68	47.20	48.50
Pacific Northwest	10.84	10.94	1.00	0.22	29.98	28.68
Southeast	12.84	12.81	-----	-----	67.58	69.68
Southwest	11.97	12.07	2.13	1.35	46.59	45.64
Upper Midwest	10.43	11.03	0.59	0.31	20.90	23.50
Western	10.65	11.01	0.81	0.29	24.24	20.09

USDA ANNOUNCES DAIRY SECTOR ACTIONS

The U.S. Department of Agriculture recently announced several actions affecting both domestic and international dairy program operations including the following.

Controls Activated for Surging American-type Cheese Imports

USDA announced that it will apply the volume-based World Trade Organization (WTO) safeguard duty to above-quota imports of American-type cheese. The duty rises 16 cents per pound to its maximum permissible level through December 31, 2002. Under the Uruguay Round Agreement on Agriculture, the U.S. is entitled to apply an additional duty on imports of American-type cheese when imports exceed a specified trigger. The trigger for cheese, based on a three-year moving average of past imports, allows for growth but prevents sudden unanticipated market penetration. The trigger quantity has grown over four-fold in three years, from just under 9 million pounds in 1999 to over 36 million pounds this year. Imports as of Sept. 30 were just over 48 million pounds, well above the trigger level of 36 million pounds. The additional 16 cents per pound increases the overall duty to \$0.64 per pound, or \$1.407 per kilogram.

Price Support Product Purchase Prices Adjusted

The Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) extended the Milk Price Support Program to December 31, 2007, at the support price of \$9.90 per hundredweight (3.67-percent milkfat). The Commodity Credit Corporation (CCC) supports the price of milk by purchasing cheese, butter and NDM at announced prices. To help CCC manage accumulated inventories and control costs from these purchases, the Department of Agriculture is permitted to adjust the balance between the purchase prices of butter and nonfat dry milk up to twice each calendar year.

CCC has continued to accumulate large supplies of NDM over the past two years, but has not purchased any butter. CCC purchase prices for butter and NDM currently are out of balance with each other and their respective market prices. This market misalignment has resulted in CCC accumulation of NDM stocks well above USDA's ability to use the product, large taxpayer expenditures, growing storage costs, and widening market distortions. To bring better balance to the markets for butter and NDM, CCC will increase the price it pays for butter 19.52 cents to \$1.05 per pound, and decrease its purchase price of nonfat dry milk 10 cents to \$0.80 per pound. These changes are effective for product manufactured on or after November 15, 2002.

CCC purchases of NDM in fiscal year (FY) 2002 totaled 619 million pounds, up significantly from the 418 million pounds purchased in FY 2001. At the end of FY 2002, USDA held an accumulated 1.3 billion pounds of NDM in inventory. This amount is 166% of annual domestic commercial utilization. The average annual disposition of CCC inventory over the last three years has reached only 120 million pounds. This includes donations to international food aid programs, the National School Lunch Program, and other domestic food assistance programs, including donations to institutions such as hospitals and prisons. This also includes a limited amount of product that has gone out of condition and sold at significant discount for animal feed manufacturing.

PURCHASE PRICES FOR SURPLUS DAIRY PRODUCTS

PRODUCTS	Produced before November 15, 2002 and Offered by November 29, 2002	Produced on or after November 15, 2002 or Offered after November 29, 2002
BUTTER:		
U.S. Grade A or Higher, 25-kg blocks, Salted	0.8548	1.0500
NONFAT DRY MILK: 1/		
Nonfortified 2/	0.9000	0.8000
Fortified (Vitamins A & D)	0.9100	0.8100
CHEESE:		
40-lb. Block Cheddar 3/	1.1314	1.1314
500-lb. Barrel Cheese 4/	1.1014	1.1014

1/ U.S. extra grade, not more than 3.5% moisture, spray processed, 25 kg. bags. 2/ Nonfat dry milk in bags, which are classified as "Type X" will be accepted at a discount of 0.50 cent per pound. 3/ Standard moisture basis (37.8 to 39.0% moisture) and U.S. Grade A or higher. The prices per pound for bulk cheese, which contains less than 37.8 % moisture can be calculated using the following formula: 100% - % moisture x base price) divided by 61%; the result rounded to the nearest fourth digit to the right of decimal. Fifth digit of 5 or more is rounded up, 4 or less is rounded down. 4/ Not more than 36.5% moisture and U.S. Extra Grade.

Producer Payments Underway

The 2002 Farm Bill added another safety net program for dairy farmers by creating a new national dairy payment program, the Milk Income Loss Contract (MILC) program, that compensates producers when milk prices fall below a Congressionally specified level. Since October 1, USDA has issued payments of \$612 million under this program and expects the total during FY 2003 to exceed \$2 billion. MILC payments occur in months when the price of Class I milk in Boston under the Northeast Milk Marketing Order falls below \$16.94 per cwt.

In addition, the Department continues to make payments to dairy producers affected by drought under the Livestock Compensation Program (LCP). Dairy producers in counties that have received primary disaster designations due to drought in 2001 and/or 2002 are eligible for the program and will receive a fixed payment of \$31.50 per head for dairy cows they owned as of June 1, 2002. To date, USDA has paid \$100 million to dairy producers under this program.

TOP TEN TEXAS COUNTIES a/ – NOVEMBER 2002

County	Number of Producers	Pounds	% Change From 2001b/	County	Number of Producers	Pounds	% Change From 2001b/
1. Erath	114	96,878,788	- 9.40	7. Hamilton	15	11,983,937	+ 12.22
2. Hopkins	163	39,923,400	+ 1.19	8. Deaf Smith	4	11,813,785	+ 432.74
3. Comanche	38	35,849,226	+ 3.03	9. Wood	44	10,682,085	- 1.39
4. Lamb	6	21,833,402	+ 32.99	10. Van Zandt	14	8,959,213	+ 2.89
5. El Paso	7	19,034,178	- 3.91	Ten County Total	460	274,746,977	+ 0.22 b/
6. Archer	55	17,788,963	+ 1.49	<u>Other Counties Total</u>	<u>394</u>	<u>140,790,688</u>	<u>+ 14.26</u>
				Texas Total	847	415,537,665	+ 4.58

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.					BF	Component Prices			NASS Product Prices			
	I a/	II	III	IV	P.P.D.a/		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 2001	18.56	16.24	15.90	15.59	1.70	244.49	15.20	216.47	.00085	211.98	170.85	94.97	28.71
October	18.93	13.53	14.60	12.77	1.45	165.26	14.82	266.64	.00078	147.01	155.91	94.41	28.35
November	18.76	12.78	11.31	11.97	3.77	145.00	14.70	180.45	.00062	130.40	123.22	93.49	28.23
December	14.98	12.61	11.80	11.79	1.65	143.22	15.17	197.82	.00064	128.94	127.62	91.99	28.68
Averages 2001b/	17.27	14.53	13.10	13.76	2.36	184.80	13.43	196.13	.00071	163.04	142.64	97.91	27.00
January 2002	14.96	12.69	11.87	11.93	1.79	148.46	13.92	196.60	.00065	133.24	129.22	91.61	27.47
February	14.95	12.28	11.63	11.54	1.65	138.17	9.65	208.84	.00064	124.80	128.95	91.21	23.34
March	14.62	12.19	10.65	11.42	2.12	136.38	6.88	183.42	.00060	123.33	120.87	90.60	20.66
April	14.47	11.88	10.85	11.09	1.86	128.90	5.66	201.09	.00062	117.20	123.23	89.75	19.48
May	14.26	11.29	10.82	10.57	1.60	114.33	3.71	220.97	.00062	105.25	123.59	89.72	17.59
June	14.03	11.19	10.09	10.52	2.02	112.11	2.47	201.48	.00059	103.43	117.08	90.05	16.39
July	13.62	11.14	9.33	10.45	2.48	109.29	1.50	180.95	.00055	101.12	110.04	90.33	15.45
August	13.48	11.07	9.54	10.41	2.41	107.01	1.77	190.21	.00056	99.25	111.89	90.74	15.71
September	13.46	10.91	9.92	10.22	2.00	100.99	3.67	206.46	.00057	94.31	114.38	90.96	17.55
October	13.15	11.12	10.72	10.50	1.35	107.26	7.55	218.39	.00060	99.45	120.20	91.65	21.31
November	13.60	11.26	9.84	10.58	2.13	109.23	8.50	184.69	.00056	101.07	111.11	91.77	22.23

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

TOP NEW MEXICO COUNTIES a/ – NOVEMBER 2002

County	Number of Producers	Pounds	% Change From 2001b/	County	Number of Producers	Pounds	% Change From 2001b/
1. Chaves	38	136,657,409	- 1.48	7. Socorro	8	14,820,449	+ 3.69
2. Roosevelt	44	87,326,476	+ 12.45	8. Valencia	9	9,247,727	- 0.79
3. Curry	20	86,264,834	+ 17.82	9. Bernalillo	5	5,424,604	- 4.58
4. Dona Ana	25	77,909,807	+ 8.14				
5. Lea	16	38,874,661	+ 8.75	Nine County Total	172	482,717,918	+ 6.73 b/
6. Eddy	7	26,191,951	+ 2.25	<u>Other Counties Total</u>	<u>6</u>	<u>14,084,141</u>	<u>+ 42.07</u>
				New Mexico Total	178	496,802,059	+ 7.48

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

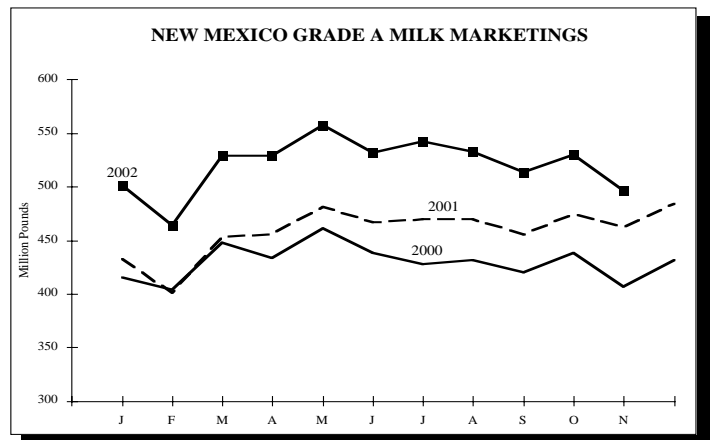
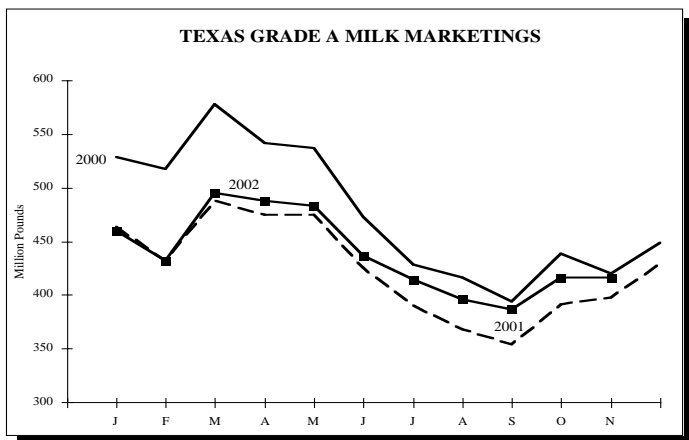
b/ Compared to top counties for the month in the previous year.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2000 THROUGH NOVEMBER 2002, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2000 POUNDS	Number of Producers	2001 POUNDS	Number of Producers	2002 POUNDS	Number of Producers	PERCENT CHANGE 2001/00	2002/01
January	528,032,131	1,156	463,431,654	1,026	459,850,238	897	-12.23	-0.77
February	517,023,791	1,141	432,156,106	1,006	431,807,361	894	-13.43	-0.08
March	577,134,609	1,134	487,875,678	991	494,608,931	893	-15.47	+1.38
April	540,903,763	1,121	474,386,881	978	487,475,741	889	-12.30	+2.76
May	536,505,477	1,112	474,236,039	962	482,994,330	875	-11.61	+1.85
June	472,478,168	1,103	425,591,909	954	435,698,971	872	-9.92	+2.37
July	428,683,700	1,089	389,996,462	933	414,700,943	862	-9.02	+6.33
August	415,788,563	1,082	367,810,615	919	395,468,644	851	-11.54	+7.52
September	393,642,034	1,066	354,482,882	916	386,732,687	859	-9.95	+9.10
October	437,963,207	1,058	391,332,224	908	415,984,319	846	-10.65	+6.30
November	420,274,058	1,041	397,352,762	907	415,537,665	847	-5.45	+4.58
December	<u>448,671,268</u>	1,033	<u>429,232,267</u>	903			<u>-4.33</u>	
Years Total	5,717,100,769		5,087,885,479				-10.76	

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2000 THROUGH NOVEMBER 2002, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2000 POUNDS	Number of Producers	2001 POUNDS	Number of Producers	2002 POUNDS	Number of Producers	PERCENT CHANGE 2001/00	2002/01
January	414,930,653	158	432,749,978	166	501,275,998	174	+4.29	+15.84
February	404,085,655	158	400,543,634	166	463,667,936	173	+2.66	+15.76
March	447,971,781	158	453,232,150	165	528,830,087	175	+1.17	+16.68
April	433,303,618	159	454,980,340	167	528,467,048	175	+5.00	+16.15
May	461,526,991	159	480,995,372	169	557,746,887	176	+4.22	+15.96
June	437,718,050	159	466,640,323	170	532,178,000	178	+6.61	+14.04
July	427,456,503	159	469,362,545	171	542,546,821	176	+9.80	+15.59
August	431,815,797	160	469,391,326	174	532,685,705	176	+8.70	+13.48
September	419,669,872	161	455,259,423	173	513,773,496	178	+8.48	+12.85
October	438,410,599	163	474,918,306	173	529,524,800	178	+8.33	+11.50
November	407,114,759	167	462,212,000	173	496,802,059	178	+13.53	+7.48
December	<u>431,351,678</u>	166	<u>484,020,641</u>	173			<u>+12.21</u>	
Years Total	5,155,355,956		5,504,306,038				+6.74	



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TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat		Protein		Other Solids		S-N-F		SCC ^{a/}	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
November 2001	3.76	3.67	3.15	3.12	5.67	5.67	8.82	8.78	364	285
December	3.79	3.73	3.14	3.14	5.68	5.68	8.82	8.81	377	306
Averages 2001	3.66	3.58	3.08	3.03	5.67	5.67	8.74	8.70	408	321
January 2002	3.78	3.71	3.12	3.09	5.69	5.69	8.81	8.78	364	322
February	3.77	3.71	3.09	3.06	5.70	5.69	8.79	8.75	371	327
March	3.72	3.66	3.08	3.03	5.71	5.70	8.79	8.73	335	294
April	3.63	3.56	3.03	2.98	5.70	5.71	8.73	8.68	342	275
May	3.58	3.49	3.01	2.96	5.68	5.69	8.68	8.65	342	256
June	3.58	3.47	2.99	2.92	5.69	5.69	8.67	8.61	366	263
July	3.59	3.45	3.00	2.91	5.67	5.69	8.66	8.60	407	290
August	3.58	3.47	3.02	2.93	5.65	5.68	8.67	8.61	414	303
September	3.62	3.55	3.09	3.00	5.64	5.67	8.72	8.67	393	297
October	3.76	3.67	3.15	3.08	5.66	5.68	8.81	8.76	376	281
November	3.87	3.76	3.19	3.13	5.68	5.68	8.86	8.80	368	296

a/ In thousands.

**NOVEMBER 2002
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$384,538.28
Class I Butterfat	60(a)	8,204,004	\$1.0723	\$8,797,153.52
Class I Skim Per Cwt		335,722,844	\$10.2000	\$34,243,730.08
Class II Butterfat	60(b)	7,292,573	\$1.0993	\$8,016,725.53
Class II Nonfat Solids		8,069,789	\$0.8533	\$6,885,950.97
Class III Butterfat	60(c)	9,001,982	\$1.0923	\$9,832,864.97
Class III Protein		7,791,737	\$1.8469	\$14,390,559.06
Class III Other Solids		14,081,115	\$0.0850	\$1,196,894.84
Class IV Butterfat	60(d)	3,650,846	\$1.0923	\$3,987,819.11
Class IV Nonfat Solids		4,411,611	\$0.7777	\$3,430,909.88
Class II, III & IV Somatic Cell Adj.	60(e)			\$68,301.98
Total Producer Milk-Product Lbs & Value		738,152,232		\$91,235,448.22
Add: Value as for 60(f) Thru 60(j)				\$14,972.60
Less: Total Protein Pounds	61(b)	23,308,915	\$1.8469	\$43,049,235.12
Total Other Solids Pounds		41,932,134	\$0.0850	\$3,564,231.45
Total Butterfat Pounds		28,149,405	\$1.0923	\$30,747,595.09
Total Value of Somatic Cell Adjustment				\$94,244.48
Total Milk and Value		738,152,232		\$13,795,114.68
Add: Location Differential Adjustments	61(c)			\$1,943,518.69
Producer-Settlement Fund	61(d)			\$341,838.24
Total Producer Milk/URSP and Value		738,152,232	\$2.17847	\$16,080,471.61
Less: Producer-Settlement Fund	61(f)		\$0.04847	\$357,829.07
Producer Price Differential (Dallas County)			\$2.13	\$15,722,642.54

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NOVEMBER 2002
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	343,926,848	46.59	8,204,004	29.14	335,722,844	47.28
Class II	94,860,284	12.85	7,292,573	25.91	87,567,711	12.33
Class III	247,795,909	33.57	9,001,982	31.98	238,793,927	33.64
Class IV	51,569,191	6.99	3,650,846	12.97	47,918,345	6.75
Total	738,152,232	100.00	28,149,405	100.00	710,002,827	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,047,363	47.40	19,839,434	47.31	30,886,796	47.34
Class II	2,895,498	12.42	5,174,290	12.34	8,069,789	12.37
Class III	7,791,737	33.43	14,081,114	33.58	21,872,853	33.53
Class IV	1,574,317	6.75	2,837,296	6.77	4,411,611	6.76
Total	23,308,915	100.00	41,932,134	100.00	65,241,049	100.00