

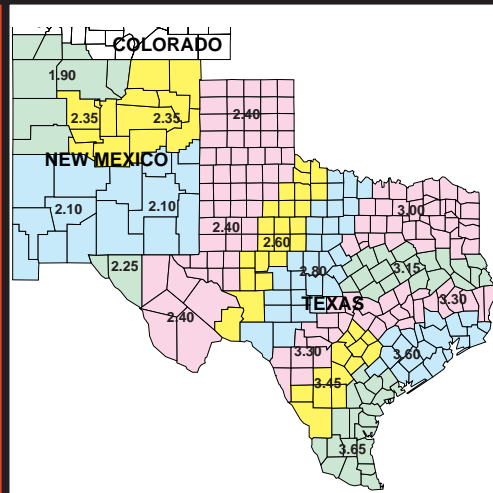
# THE MARKET ADMINISTRATOR'S

# REPORT



## SOUTHWEST MARKETING AREA

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## MARKET SUMMARY FOR DECEMBER

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 \$1.65 for December. Butterfat price decreased \$0.0178 per pound from \$1.4500 in November to the level of \$1.4322 in December. Protein price increased \$0.1737 cents per pound from \$1.8045 in November to \$1.9782 in December. December's Other Solids price increased \$0.0047 per pound from the previous month to \$0.1517. The Somatic Cell Count adjustment rate factor for December was .00064 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a December statistical uniform price of \$13.45 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 \$1.63 in comparison to the statistical blend price of \$15.08 in November.

The December Class I price decreased \$3.78 from \$18.76 in November to the December level of \$14.98. The Class II price for December of \$12.61 per hundredweight decreased \$0.17 from \$12.78 in November. December's Class III price increased \$0.49 from \$11.31 in November to \$11.80 in December. The Class IV price decreased \$0.18 from \$11.97 in November to \$11.79 in December.

In December 961 producers delivered a total of 766,772,595 pounds of milk. On a daily basis this represents an increase of 3.71 percent from the producer receipts level in November and it represents an increase of 15.83 percent when compared to the producer receipts level of December 2000.

Producer milk classified as Class I during December amounted to 43.29 percent of total producer receipts. This figure is down from 48.77 percent in November and it is down from 49.90 percent in December 2000. The average butterfat test of producer milk pooled during December was 3.763 percent, average protein test was 3.141 percent, average other solids test was 5.675 percent and the average somatic cell count was 332,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Dec 01	Nov 01	Dec 01	Nov 01	Dec 01	Nov 01
Appalachian	14.16	16.76	-----	-----	65.47	72.82
Arizona-Las Vegas	12.71	13.73	-----	-----	33.26	35.06
Central	12.46	13.17	0.66	1.86	26.75	29.41
Florida	15.58	18.59	-----	-----	88.81	90.17
Mideast	12.64	13.79	0.84	2.48	36.10	39.50
Northeast	13.72	15.28	1.92	3.97	43.80	47.80
Pacific Northwest	12.35	13.30	0.55	1.99	28.29	30.66
Southeast	13.95	16.20	-----	-----	57.25	63.91
<b>Southwest</b>	<b>13.45</b>	<b>15.08</b>	<b>1.65</b>	<b>3.77</b>	<b>43.29</b>	<b>48.77</b>
Upper Midwest	12.19	12.45	0.39	1.14	18.60	19.70
Western	12.33	12.87	0.53	1.56	18.39	20.15

## NEW MEXICO ANNUAL MILK PRODUCTION EXCEEDS THAT OF TEXAS

For the first time ever New Mexico's annual milk production exceeded that of Texas. In 2001, New Mexico production amounted to 5,502,832,988 pounds of milk compared to the Texas figure of 5,076,317,735 pounds. This an increase of 8.40 percent or 427 million pounds more than Texas. For the year 2000, Texas milk production topped that of New Mexico by 10.90 percent with Texas producing 5.717 billion pounds compared with New Mexico's 5.155 billion pounds.

New Mexico has seen tremendous growth in its dairy industry in the past decade. New Mexico first surpassed Texas milk production in August 1999 but only managed to hold this position for just one month before Texas retook the lead. Again in August 2000 New Mexico leaped ahead of Texas for a three month period before relinquishing the lead back to Texas. New Mexico firmly regained its position ahead of Texas in May 2001 and has held the forefront ever since. In the last three years New Mexico has achieved a 17.18 percent increase in milk production while its producer count has ascended from 156 producers in January 1999 to 173 in December 2001, an increase of 10.90 percent.

Texas, on the other hand, has seen a precipitous decline in both its milk production and producer count. In 2001, Texas milk production declined 11.21 percent from 2000. For the first time since 1989 Texas did not have a month the entire year in which production

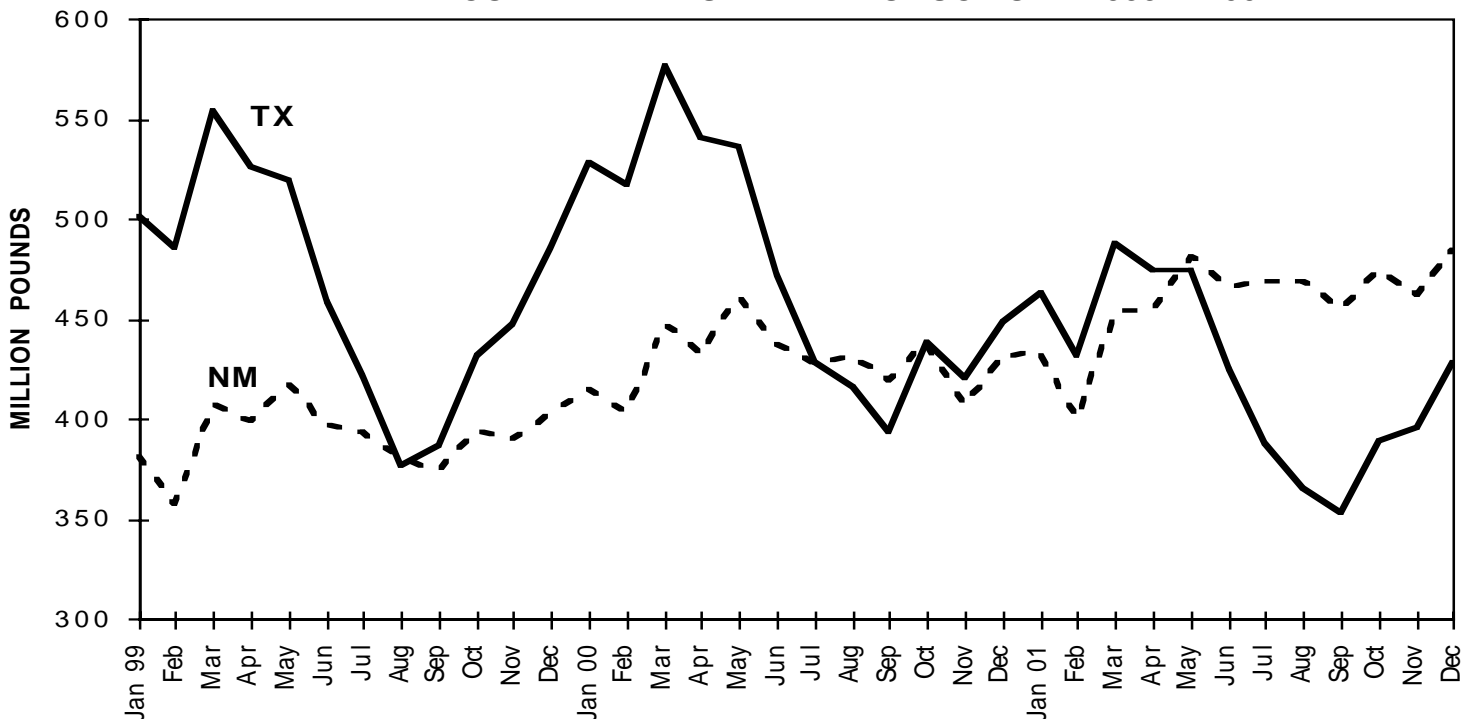
achieved the 500 million pound level. In June 1993 the Texas producer count fell below the 2000 level and in March 2001 the producer count dropped to less than 1000 producers. In the last three years the number of producers in Texas has dropped from 1,251 producers in January 1999 to 902 producers in December 2001, a decline of 27.90 percent.

## USDA ANNOUNCES 2002 SUPPORT PRICES FOR MILK AND MILK PRODUCTS

The U.S. Department of Agriculture announced December 28 that the purchase prices for butter, nonfat dry milk, and cheese under the Milk Price Support Program will remain unchanged for now, but will be reconsidered as the 2002 calendar year begins. The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002, extends the program through May 31, 2002, at the 2001 milk support price of \$9.90 per hundredweight (3.67 percent milkfat).

The purchase prices for these manufactured dairy products remain as follows: butter, \$0.8548 per pound; block cheddar cheese, \$1.1314 per pound; barrel cheese, \$1.1014 per pound; and nonfat dry milk, \$0.9000 per pound. The Agricultural Market Transition Act permits the Secretary of Agriculture to adjust the balance between the purchase prices of butter and nonfat dry milk twice each calendar year. Currently, USDA's Commodity Credit Corporation has 822 million pounds of nonfat dry milk in inventory.

NEW MEXICO AND TEXAS MILK PRODUCTION 1999 - 2001



## TOP TEN TEXAS COUNTIES a/ – DECEMBER 2001

County	Number of Producers	Pounds	% Change From 2000b/	County	Number of Producers	Pounds	% Change From 2000b/
1. Erath	132	115,335,399	- 0.22	7. Hamilton	17	11,761,224	- 9.87
2. Hopkins	174	43,261,077	- 1.45	8. Wood	44	11,573,443	- 15.31
3. Comanche	38	37,460,383	- 12.16	9. Johnson	21	9,770,233	- 19.76
4. El Paso	7	21,060,301	- 1.48	10. Tom Green	9	9,709,545	- 2.61
5. Archer	53	18,693,731	- 13.67	Ten County Total	499	296,346,592	- 3.64 b/
6. Lamb	4	17,721,256	+ 31.20	Other Counties Total	403	131,661,115	- 6.71
				<b>Texas Total</b>	<b>902</b>	<b>428,007,707</b>	<b>- 4.61</b>

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-----							
November	14.82	13.68	8.57	13.00	4.02	157.45	5.65	91.49	.00051	140.51	102.45	101.59	19.17
December	15.13	13.97	9.37	13.27	3.54	165.34	8.29	103.78	.00054	146.98	108.98	101.58	21.72
Averages 2000b/	14.55	12.53	9.74	11.83	2.86	125.22	5.09	169.38	.00057	114.08	113.13	101.15	18.63
January 2001	16.99	12.82	9.99	12.13	3.63	128.96	11.20	161.81	.00056	117.25	111.80	101.65	24.84
February	14.94	13.43	10.27	12.70	2.97	146.26	11.99	149.51	.00057	131.43	114.67	101.37	25.61
March	15.65	14.17	11.42	13.46	2.76	168.20	10.39	164.98	.00064	149.42	127.37	101.27	24.06
April	16.44	15.10	12.06	14.41	2.85	194.83	10.81	154.43	.00067	171.26	134.23	101.45	24.46
May	17.21	15.72	13.83	15.04	2.22	211.91	12.29	191.08	.00076	185.27	151.29	101.80	25.90
June	17.99	16.05	15.02	15.33	1.83	220.89	14.09	216.70	.00081	192.63	162.11	101.48	27.64
July	18.34	15.96	15.46	14.81	1.66	218.83	15.10	231.75	.00083	190.94	165.73	96.34	28.62
August	18.40	15.98	15.55	15.06	1.88	229.76	15.35	221.88	.00083	199.90	166.93	94.73	28.86
September	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 2001	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

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

## TOP NEW MEXICO COUNTIES a/ – DECEMBER 2001

County	Number of Producers	Pounds	% Change From 2000b/	County	Number of Producers	Pounds	% Change From 2000b/
1. Chaves	39	143,189,409	+ 1.11	7. Socorro	8	14,728,004	+ 45.69
2. Roosevelt	40	82,304,125	+ 27.84	8. Valencia	9	9,580,952	- 0.86
3. Curry	19	76,787,885	+ 25.76	9. Bernalillo	5	5,718,722	+ 3.92
4. Dona Ana	25	75,106,280	+ 5.02				
5. Lea	16	39,109,685	+ 16.56	Nine County Total	168	473,246,905	+ 12.27 b/
6. Eddy	7	26,721,843	+ 10.73	Other Counties Total	5	10,773,736	+ 9.80
				<b>New Mexico Total</b>	<b>173</b>	<b>484,020,641</b>	<b>+ 12.21</b>

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 1999 THROUGH DECEMBER 2001, WITH PRODUCTION PERCENTAGE COMPARISONS**

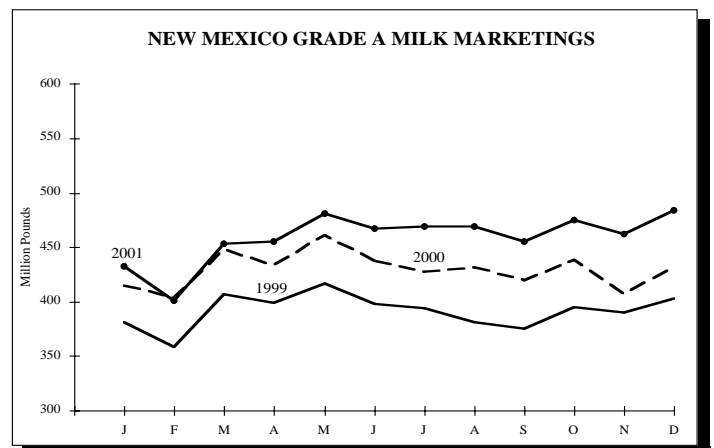
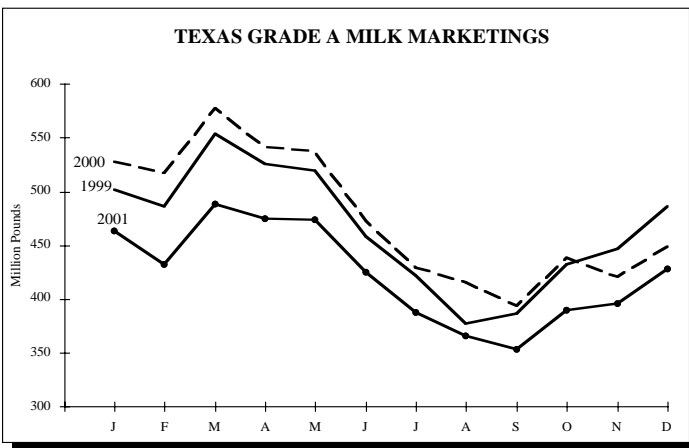
MONTH	1999 POUNDS	Number of Producers	2000 POUNDS	Number of Producers	2001 POUNDS	Number of Producers	PERCENT CHANGE 2000/99	2001/00
January	501,754,729	1,251	528,032,131	1,156	463,431,654	1,026	+5.24	-12.23
February	486,044,271	1,245	517,023,791	1,141	432,156,106	1,006	+6.37	-13.43*
March	553,983,640	1,241	577,134,609	1,134	487,875,678	991	+4.18	-15.47
April	525,773,380	1,233	540,903,763	1,121	474,386,881	978	+2.88	-12.30
May	519,613,189	1,219	536,505,477	1,112	474,113,159	961	+3.25	-11.63
June	458,247,406	1,216	472,478,168	1,103	424,655,275	953	+3.11	-10.12
July	421,397,795	1,206	428,683,700	1,089	387,938,852	932	+1.73	-9.50
August	377,392,147	1,197	415,788,563	1,082	365,355,835	918	+10.17	-12.13
September	386,931,407	1,189	393,642,034	1,066	352,986,582	915	+1.73	-10.33
October	432,175,585	1,181	437,963,207	1,058	389,680,164	907	+1.34	-11.02
November	447,062,545	1,166	420,274,058	1,041	395,729,842	906	-5.99	-5.85
December	<u>485,682,323</u>	1,160	<u>448,671,268</u>	1,033	<u>428,007,707</u>	902	<u>-7.62</u>	<u>-4.61</u>
Years Total	5,596,058,417		5,717,100,769		5,076,317,735		+2.16	-11.21

\*Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 1999 THROUGH DECEMBER 2001, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	1999 POUNDS	Number of Producers	2000 POUNDS	Number of Producers	2001 POUNDS	Number of Producers	PERCENT CHANGE 2000/99	2001/00
January	381,115,401	156	414,930,653	158	432,749,978	166	+8.87	+4.29
February	358,049,940	157	404,085,655	158	400,543,634	166	+12.86	+2.66*
March	406,789,374	156	447,971,781	158	453,232,150	165	+10.12	+1.17
April	399,229,362	157	433,303,618	159	454,980,340	167	+8.54	+5.00
May	416,852,251	157	461,526,991	159	480,995,372	169	+10.72	+4.22
June	397,483,877	159	437,718,050	159	466,640,323	170	+10.12	+6.61
July	393,796,366	158	427,456,503	159	469,362,545	171	+8.55	+9.80
August	380,628,318	158	431,815,797	160	469,391,326	174	+13.45	+8.70
September	374,886,452	160	419,669,872	161	455,259,423	173	+11.95	+8.48
October	394,366,657	162	438,410,599	163	474,918,306	173	+11.17	+8.33
November	389,857,074	159	407,114,759	167	462,212,000	173	+4.43	+13.53
December	<u>403,101,846</u>	158	<u>431,351,678</u>	166	<u>484,020,641</u>	173	<u>+7.01</u>	<u>+12.21</u>
Years Total	4,696,156,918		5,155,355,956		5,502,832,988		+9.78	+6.74

\*Based on average daily delivery.



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## TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat		Protein		Other Solids		S-N-F		SCC <sup>a/</sup>	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
Averages 2000	3.65	3.56	3.09	3.04	5.67	5.67	8.75	8.71	374	273
January 2001	3.81	3.72	3.13	3.10	5.69	5.67	8.81	8.76	422	366
February	3.72	3.69	3.08	3.06	5.69	5.68	8.76	8.74	421	388
March	3.64	3.61	3.07	3.04	5.71	5.70	8.78	8.74	414	348
April	3.54	3.54	3.04	3.01	5.68	5.68	8.72	8.69	383	302
May	3.51	3.48	3.02	2.98	5.67	5.69	8.68	8.66	397	296
June	3.54	3.47	3.01	2.94	5.68	5.70	8.68	8.63	400	295
July	3.57	3.47	3.00	2.91	5.64	5.65	8.63	8.56	430	315
August	3.59	3.45	3.05	2.95	5.61	5.63	8.65	8.58	454	335
September	3.68	3.52	3.11	3.01	5.63	5.66	8.73	8.68	447	328
October	3.76	3.61	3.18	3.09	5.65	5.67	8.83	8.76	385	284
November	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

a/ In thousands.

**DECEMBER 2001  
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$383,437.28
Class I Butterfat	60(a)	8,103,763	\$1.4813	\$12,004,104.15
Class I Skim Per Cwt		323,866,747	\$10.1500	\$32,872,474.83
Class II Butterfat	60(b)	5,586,613	\$1.4392	\$8,040,253.44
Class II Nonfat Solids		5,587,647	\$0.8722	\$4,873,545.76
Class III Butterfat	60(c)	10,158,447	\$1.4322	\$14,548,927.79
Class III Protein		8,935,665	\$1.9782	\$17,676,532.51
Class III Other Solids		16,094,205	\$0.1517	\$2,441,490.91
Class IV Butterfat	60(d)	5,007,131	\$1.4322	\$7,171,213.04
Class IV Nonfat Solids		7,266,830	\$0.7799	\$5,667,400.73
Class II, III & IV Somatic Cell Adj.	60(e)			\$76,603.74
Total Producer Milk-Product Lbs & Value		766,772,595		\$105,754,984.18
Add: Value as for 60(f) Thru 60(j)				\$60,654.32
Less: Total Protein Pounds	61(b)	24,081,920	<b>\$1.9782</b>	\$47,638,854.17
Total Other Solids Pounds		43,515,311	<b>\$0.1517</b>	\$6,601,272.70
Total Butterfat Pounds		28,855,954	<b>\$1.4322</b>	\$41,327,497.30
Total Value of Somatic Cell Adjustment				\$86,012.63
<b>Total Milk and Value</b>		766,772,595		\$10,162,001.70
Add: Location Differential Adjustments	61(c)			\$2,510,986.72
Producer-Settlement Fund	61(d)			\$315,857.42
<b>Total Producer Milk/URSP and Value</b>		766,849,495	\$1.69379	\$12,988,845.84
Less: Producer-Settlement Fund	61(f)		\$0.04379	\$335,829.17
<b>Producer Price Differential (Dallas County)</b>			<b>\$1.65</b>	\$12,653,016.67

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***REPORT***

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**DECEMBER 2001**  
**PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	331,970,510	43.29	8,103,763	28.08	323,866,747	43.89
Class II	66,534,431	8.68	5,586,613	19.36	60,947,818	8.26
Class III	284,032,028	37.04	10,158,447	35.21	273,873,581	37.11
Class IV	84,235,626	10.99	5,007,131	17.35	79,228,495	10.74
Total	766,772,595	100.00	28,855,954	100.00	737,916,641	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,581,102	43.93	19,131,786	43.97	29,712,887	43.95
Class II	1,986,776	8.25	3,600,867	8.27	5,587,647	8.27
Class III	8,935,665	37.11	16,094,205	36.99	25,029,867	37.03
Class IV	2,578,377	10.71	4,688,453	10.77	7,266,830	10.75
Total	24,081,920	100.00	43,515,311	100.00	67,597,231	100.00