

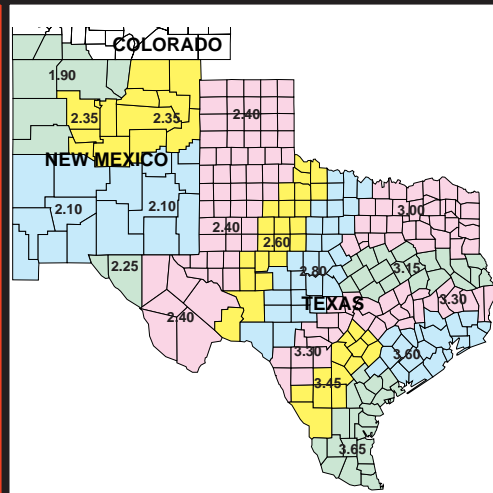
THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR
 P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939
 (972) 245-6060 FAX (972) 245-3211
 e-mail: sw.order@dallasma.com
 WWW: <http://members.aol.com/fmmo1126>



VOLUME XXVIII, NO. 3

MARCH 2002

MARKET SUMMARY FOR FEBRUARY

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 February. Butterfat price decreased \$0.1029 per pound from \$1.4846 in January to the level of \$1.3817 in February. Protein price increased \$0.1224 per pound from \$1.9660 in January to \$2.0884 in February. February's Other Solids price decreased \$0.0427 per pound from the previous month to \$0.0965. The Somatic Cell Count adjustment rate factor for February 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 February statistical uniform price of \$13.28 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 \$0.38 in comparison to the statistical blend price of \$13.66 in January.

The February Class I price decreased 1 cent from \$14.96 in January to the February level of \$14.95. The Class II price for February of \$12.28 per hundredweight decreased \$0.41 from \$12.69 in January. February's Class III price decreased \$0.24 from \$11.87 in January to \$11.63 in February. The Class IV price decreased \$0.39 from \$11.93 in January to \$11.54 in February.

In February 852 producers delivered a total of 760,005,378 pounds of milk. On a daily basis this represents an increase of 5.93 percent from the producer receipts level in January and it represents an increase of 20.88 percent when compared to the producer receipts level of February 2001.

Producer milk classified as Class I during February amounted to 41.59 percent of total producer receipts. This figure is down from 46.00 percent in January and it is down from 49.51 percent in February 2001. The average butterfat test of producer milk pooled during February was 3.740 percent, average protein test was 3.072 percent, average other solids test was 5.694 percent and the average somatic cell count was 342,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Feb 02	Jan 02	Feb 02	Jan 02	Feb 02	Jan 02
Appalachian	14.04	14.41	-----	-----	65.71	68.00
Arizona-Las Vegas	12.46	12.81	-----	-----	30.80	32.45
Central	12.32	12.61	0.69	0.74	27.44	28.54
Florida	15.46	15.76	-----	-----	90.08	90.29
Mideast	12.46	12.88	0.83	1.01	34.90	40.50
Northeast	13.48	13.81	1.85	1.94	40.80	41.90
Pacific Northwest	12.14	12.53	0.51	0.66	27.29	29.74
Southeast	13.75	14.13	-----	-----	56.63	57.99
Southwest	13.28	13.66	1.65	1.79	41.59	46.00
Upper Midwest	12.04	12.30	0.41	0.43	19.70	18.70
Western	12.09	12.44	0.46	0.57	17.35	18.91

IN-AREA DISPOSITION OF FLUID MILK PRODUCTS

Federal order reform brought about the current Southwest Order in January 2000 when the Texas and New Mexico West Texas orders along with all the unregulated areas of Texas were combined. With just over two years of reform in existence in area disposition of fluid products cannot begin to show any significant trend in sales. However, the trend toward milk products with lower fat content, a nationwide trend, is apparent in the data for the last two years.

For the year 2001, disposition of fluid milk products in the Southwest Order totaled 4,152.5 million pounds, down 0.12 percent compared to the same period in 2000. The ever so slight decrease was due in part to the relatively strong showing of the lowfat milk products, with the exception of skim milk. All whole milk products showed declines from 2000 levels.

SOUTHWEST ORDER			
Product	January - December		% Change
	2000	2001	
Whole Milk Products			
	Million Pounds		
Whole	1,943.0	1,931.5	-0.59
Flavored	117.3	111.1	-5.28
Total Whole Milk	2,060.3	2,042.6	-0.86
Lowfat Milk Products			
2%	1,091.8	1,100.9	+0.83
1%	356.4	358.2	+0.51
Skim	367.1	353.7	-3.65
Flavored Lowfat	206.3	216.4	+4.90
Buttermilk and Other	75.5	80.7	+6.89
Total Lowfat Milk	2,097.1	2,109.9	+0.61
Combined Total	4,157.4	4,152.5	-0.12

U.S. PER CAPITA CONSUMPTION OF DAIRY PRODUCTS

Per capita consumption of fluid milk and cream products totaled 210 pounds in 2000, 23 pounds (9.87 percent) less than 1990 and 51 pounds (19.54) less than in 1975. Butter consumption has remained virtually unchanged since 1975 with a variance no greater than 0.3 pounds. Per capita consumption of American cheese and other cheese has increased dramatically over the last two and a half decades. Americans ate a total of 32.5 pounds of cheese per person in 2000 an increase of 16.07 percent over the consumption rate of 1990 at 28.0 pounds. Compared

to 1975, the cheese consumption rate has increased 69.27 percent from 19.2 pounds per person. Use of evaporated and condensed milk has declined 37.08 percent from 5.6 pounds per person in 2000 from 8.9 pounds in 1975. Frozen dairy products which include ice cream, ice milk and sherbet has changed little in consumption over the years. In 1975 Americans consumed 28.7 pounds per person compared to 28.1 pounds in 2000. Dry milk products consumption has decreased 8.11 percent from 7.4 pounds per person in 1990 to 6.8 pounds in 2000 but compared to 1975 dry products consumed has increased from 5.8 pounds. On a milk equivalent, milkfat basis milk consumption has steadily increased from 539 pounds per person in 1975 to 593 pounds per person in 2000 a modest increase of 10.02 percent.

DAIRY PRODUCTS: PER CAPITA CONSUMPTION, U.S.				
Product	1975	1980	1990	2000
	Pounds			
Fluid Milk & Cream	261	246	233	210
Butter	4.7	4.5	4.4	4.6
Cheese	19.2	22.0	28.0	32.5
Evaporated & Condensed Milk	8.9	7.1	8.0	5.6
Frozen Dairy Products	28.7	26.2	28.5	28.1
Dry Products	5.8	6.2	7.4	6.8
All Products Milk Equivalent	539	543	568	593

TOP 10 MILK PRODUCING STATES 2001

Rank	State	Million Pounds	
2000	2001		
1	1	California	33,251
2	2	Wisconsin	22,199
3	3	New York	11,778
4	4	Pennsylvania	10,849
5	5	Minnesota	8,812
6	6	Idaho	7,757
8	7	Michigan	5,855
10	8	New Mexico	5,561
9	9	Washington	5,514
7	10	Texas	5,099
		U.S. Total	165,336

TOP TEN TEXAS COUNTIES a/ – FEBRUARY 2002

County	Number of Producers	Pounds	% Change From 2001b/	County	Number of Producers	Pounds	% Change From 2001b/
1. Erath	128	114,667,173	+ 2.69	7. Hamilton	18	12,122,612	- 4.93
2. Hopkins	171	44,311,439	- 3.82	8. Wood	43	11,743,796	- 9.91
3. Comanche	38	37,896,885	- 7.45	9. Johnson	20	10,148,778	- 13.54
4. El Paso	7	20,188,511	- 4.85	10. Tom Green	9	9,850,075	+ 5.64
5. Archer	54	19,158,533	- 0.54	Ten County Total	492	296,501,231	- 0.37 b/
6. Lamb	4	16,413,429	+ 41.53	<u>Other Counties Total</u>	<u>401</u>	<u>134,136,550</u>	<u>- 0.31</u>
				Texas Total	893	430,637,781	- 0.35

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-----							
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 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

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

TOP NEW MEXICO COUNTIES a/ – FEBRUARY 2002

County	Number of Producers	Pounds	% Change From 2001b/	County	Number of Producers	Pounds	% Change From 2001b/
1. Chaves	39	137,416,868	+ 5.34	7. Socorro	8	14,072,504	+ 49.60
2. Roosevelt	40	78,001,492	+ 34.94	8. Valencia	9	9,189,534	+ 4.68
3. Curry	19	74,449,653	+ 30.98	9. Bernalillo	5	5,304,051	+ 3.92
4. Dona Ana	25	71,494,756	+ 3.84				
5. Lea	16	36,977,386	+ 17.38	Nine County Total	168	452,562,599	+ 15.61 b/
6. Eddy	7	25,656,355	+ 13.04	<u>Other Counties Total</u>	<u>5</u>	<u>11,105,337</u>	<u>+ 21.99</u>
				New Mexico Total	173	463,667,936	+ 15.76

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 FEBRUARY 2002, WITH PRODUCTION PERCENTAGE COMPARISONS**

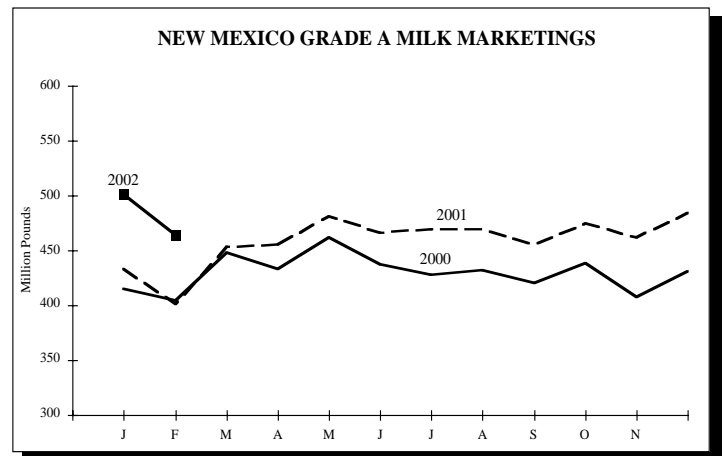
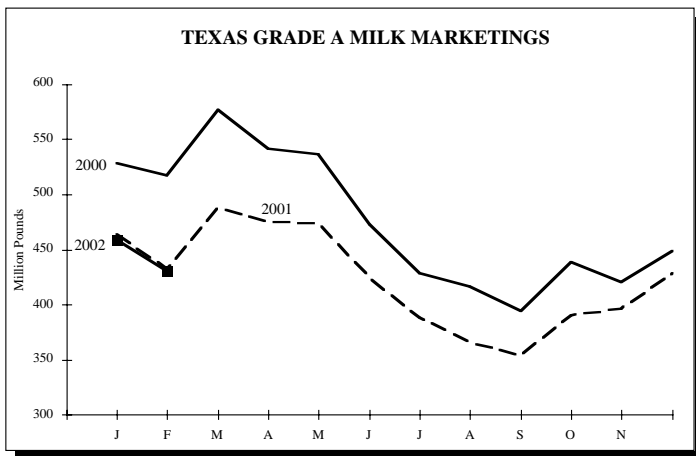
MONTH	2000 POUNDS	Number of Producers	2001 POUNDS	Number of Producers	2002 POUNDS	Number of Producers	PERCENT CHANGE 2001/00	2002/01
January	528,032,131	1,156	463,431,654	1,026	458,465,287	896	-12.23	-1.07
February	517,023,791	1,141	432,156,106	1,006	430,637,781	893	-13.43	-0.35
March	577,134,609	1,134	487,875,678	991			-15.47	
April	540,903,763	1,121	474,386,881	978			-12.30	
May	536,505,477	1,112	474,113,159	961			-11.63	
June	472,478,168	1,103	424,655,275	953			-10.12	
July	428,683,700	1,089	387,938,852	932			-9.50	
August	415,788,563	1,082	365,355,835	918			-12.13	
September	393,642,034	1,066	352,986,582	915			-10.33	
October	437,963,207	1,058	389,680,164	907			-11.02	
November	420,274,058	1,041	395,729,842	906			-5.85	
December	<u>448,671,268</u>	1,033	<u>428,007,707</u>	902			<u>-4.61</u>	
Years Total	5,717,100,769		5,076,317,735				-11.21	

*Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2000 THROUGH FEBRUARY 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			+1.17	
April	433,303,618	159	454,980,340	167			+5.00	
May	461,526,991	159	480,995,372	169			+4.22	
June	437,718,050	159	466,640,323	170			+6.61	
July	427,456,503	159	469,362,545	171			+9.80	
August	431,815,797	160	469,391,326	174			+8.70	
September	419,669,872	161	455,259,423	173			+8.48	
October	438,410,599	163	474,918,306	173			+8.33	
November	407,114,759	167	462,212,000	173			+13.53	
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	

*Based on average daily delivery.



The United States Department of Agriculture (USDA) prohibits discrimination in all its programs on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact the USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Jamie L. Whitten Building, 14th and Independence Avenue, SW, Washington, D.C., 20250-9410, or call 202-720-5964 (voice or TDD). USDA is an Equal Opportunity provider and employer.

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
February 2001	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
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

a/ In thousands.

**FEBRUARY 2002
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$368,243.87
Class I Butterfat	60(a)	7,298,594	\$1.5160	\$11,064,668.50
Class I Skim Per Cwt		308,815,207	\$9.9900	\$30,850,639.17
Class II Butterfat	60(b)	6,508,264	\$1.3887	\$9,038,026.25
Class II Nonfat Solids		6,564,583	\$0.8544	\$5,608,779.73
Class III Butterfat	60(c)	8,489,825	\$1.3817	\$11,730,391.20
Class III Protein		7,906,952	\$2.0884	\$16,512,878.57
Class III Other Solids		14,652,398	\$0.0965	\$1,413,956.42
Class IV Butterfat	60(d)	6,124,140	\$1.3817	\$8,461,724.25
Class IV Nonfat Solids		9,294,804	\$0.7721	\$7,176,518.20
Class II, III & IV Somatic Cell Adj.	60(e)			\$35,559.99
Total Producer Milk-Product Lbs & Value		760,005,378		\$102,261,386.15
Add: Value as for 60(f) Thru 60(j)				\$74,756.21
Less: Total Protein Pounds	61(b)	23,349,792	\$2.0884	\$48,763,705.61
Total Other Solids Pounds		43,271,498	\$0.0965	\$4,175,699.59
Total Butterfat Pounds		28,420,823	\$1.3817	\$39,269,051.14
Total Value of Somatic Cell Adjustment				\$40,414.95
Total Milk and Value		760,005,378		\$10,087,271.07
Add: Location Differential Adjustments	61(c)			\$2,469,716.63
Producer-Settlement Fund	61(d)			\$323,440.86
Total Producer Milk/URSP and Value		760,007,660	\$1.69477	\$12,880,428.56
Less: Producer-Settlement Fund	61(f)		\$0.04477	\$340,302.17
Producer Price Differential (Dallas County)			\$1.65	\$12,540,126.39

THE MARKET ADMINISTRATOR'S***REPORT*****SOUTHWEST MARKETING AREA**

RICHARD FLEMING, MARKET ADMINISTRATOR
 P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939
 (972) 245-6060 FAX(972) 245-3211

PRSRT STD
 U.S. POSTAGE
 P A I D
 Carrollton, TX
 Permit No. 343

RETURN SERVICE REQUESTED

FEBRUARY 2002
 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	316,113,801	41.59	7,298,594	25.68	308,815,207	42.21
Class II	78,480,001	10.33	6,508,264	22.90	71,971,737	9.84
Class III	257,155,600	33.84	8,489,825	29.87	248,665,775	33.99
Class IV	108,255,976	14.24	6,124,140	21.55	102,131,836	13.96
Total	760,005,378	100.00	28,420,823	100.00	731,584,555	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	9,900,400	42.40	18,302,150	42.29	28,202,552	42.34
Class II	2,299,337	9.85	4,265,247	9.86	6,564,583	9.85
Class III	7,906,952	33.86	14,652,398	33.86	22,559,351	33.86
Class IV	3,243,103	13.89	6,051,703	13.99	9,294,804	13.95
Total	23,349,792	100.00	43,271,498	100.00	66,621,290	100.00