

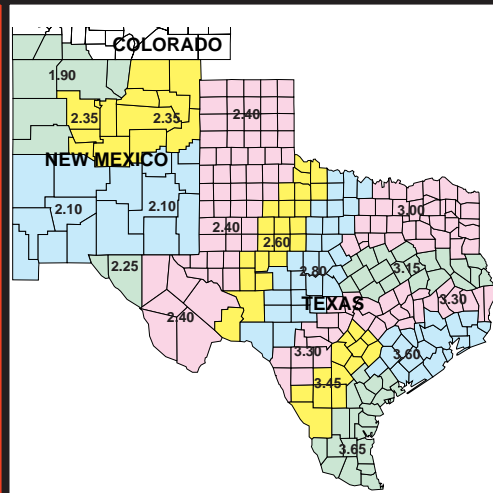
THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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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 \$1.35 for October. Butterfat price increased \$0.0627 per pound from \$1.0099 in September to the level of \$1.0726 in October. Protein price increased \$0.1193 per pound from \$2.0646 in September to \$2.1839 in October. October's Other Solids price increased \$0.0388 per pound from the previous month to \$0.0755. The Somatic Cell Count adjustment rate factor for October was .00060 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a October statistical uniform price of \$12.07 per hundredweight for milk testing 3.5% butterfat, 2.99% true protein, 5.69% other solids and 350,000 SCC. This is an increase of \$0.15 in comparison to the statistical blend price of \$11.92 in September.

The October Class I price decreased 31 cents

from \$13.46 in September to the October level of \$13.15. The Boston Class I price of \$13.40 produced a dairy deficiency payment of \$1.59 for October. The Class II price for October of \$11.12 per hundred-weight increased \$0.21 from \$10.91 in September. October's Class III price increased \$0.80 from \$9.92 in September to \$10.72 in October. The Class IV price increased \$0.28 from \$10.22 in September to \$10.50 in October.

In October 963 producers delivered a total of 793,028,358 pounds of milk. On a daily basis this represents an increase of 2.65 percent from the producer receipts level in September and it represents an increase of 8.59 percent when compared to the producer receipts level of October 2001.

Producer milk classified as Class I during October amounted to 45.64 percent of total producer receipts. This figure is up slightly from 45.25 percent in September but it is down from 49.37 percent in October 2001. The average butterfat test of producer milk pooled during October was 3.714 percent, average protein test was 3.117 percent, average other solids test was 5.676 percent and the average somatic cell count was 316,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Oct 02	Sep 02	Oct 02	Sep 02	Oct 02	Sep 02
Appalachian	12.91	12.76	-----	-----	75.85	71.22
Arizona-Las Vegas	11.38	11.03	-----	-----	35.73	36.02
Central	11.18	10.74	0.46	0.82	26.75	26.33
Florida	14.03	13.97	-----	-----	91.74	89.20
Mideast	11.32	11.09	0.60	1.17	40.10	38.70
Northeast	12.40	12.20	1.68	2.28	48.50	46.30
Pacific Northwest	10.94	10.66	0.22	0.74	28.68	27.24
Southeast	12.81	12.56	-----	-----	69.68	65.60
Southwest	12.07	11.92	1.35	2.00	45.64	45.25
Upper Midwest	11.03	10.46	0.31	0.54	23.50	20.60
Western	11.01	10.55	0.29	0.63	20.09	17.31

USDA ANNOUNCES REVISED CLASS III AND IV PRICE FORMULAS FOR ALL FEDERAL MILK ORDERS

The United States Department of Agriculture announced the final decision to amend the pricing formulas for milk marketed for manufacturing use under all federal milk marketing orders. The amended formulas use market prices of dairy products to establish minimum prices for milk used in the production of Class III products (cheese) and Class IV products (butter, dry milk products).

The final decision culminates a process that began with the 1996 Farm Bill. Historically, USDA established minimum prices for milk used in manufacturing by surveying the prices paid for manufacturing grade milk by unregulated plants in Minnesota and Wisconsin. However, by the late 1990s, declining supplies of manufacturing grade milk necessitated that a new procedure be developed to determine the value of milk used in manufacturing. As part of a comprehensive effort to consolidate and reform federal milk marketing orders under the 1996 Farm Bill, USDA developed pricing formulas for Class III and Class IV milk based on wholesale prices of manufactured dairy products. These pricing formulas were implemented on Jan. 1, 2000, as required by the 1996 Farm Bill.

Congress mandated that USDA review the pricing formulas following the reform effort. A public hearing was held May 8-12, 2000, to consider proposals to change the formulas. Effective Jan. 1, 2001, USDA issued revised formulas that were enjoined by a U.S. District Court at the end of January. In October 2001, following the court injunction, USDA issued a recom-

mended decision again altering the pricing formulas. The final decision makes several minor changes in the recommended decision.

This final decision differs from the recommended decision by modifying the Class III and Class IV formulas to recognize the loss of milk during delivery from farm to plant. As proposed in the recommended decision, the make allowance for dry whey is increased from \$0.140 to \$0.159 per pound. All other make allowances remain unchanged.

The final decision was published in the Nov. 7 Federal Register. The final decision would amend all federal milk orders. Each amended federal order must be approved by either two-thirds of producers supplying milk to the federal order or by producers who supply two-thirds of the milk to the federal order. USDA will determine approval or disapproval of each amended order over the next 4-6 weeks.

2003 PRICE DATA RELEASE DATES

Listed below are the release dates for price data applicable to January through December 2003, for the Federal milk order pricing system. The advance pricing factors will be released on the Friday before the 23rd of the month unless this date is a Friday. Likewise, the price information to be released by the 5th of the month will be released on the Friday before this date unless this date is a Friday. The release time for all release dates, except July 4, is 10:00 a.m. EST/EDST. Due to the July 4 holiday, the release date is Thursday, July 3, and the release time is 3:00 p.m. EDST.

RELEASE DATES FOR PRICE DATA

Month to Which Prices Apply	Advanced Prices and Pricing Factors		Class and Component Prices	
	Release Date	Time Period of NASS Prices ^{1/}	Release Date	Time Period of NASS Prices ^{1/}
January	December 20, 2002	12/7, 14	January 31, 2003	1/4, 11, 18, 25
February	January 17, 2003	1/4, 11	February 28	2/1, 8, 15, 22
March	February 21	2/8, 15	April 4	3/1, 8, 15, 22, 29
April	March 21	3/8, 15	May 2	4/5, 12, 19, 26
May	April 18	4/5, 12	May 30	5/3, 10, 17, 24
June	May 23	5/10, 17	July 3	5/31, 6/7, 14, 21, 28
July	June 20	6/7, 14	August 1	7/5, 12, 19, 26
August	July 18	7/5, 12	September 5	8/2, 9, 16, 23, 30
September	August 22	8/9, 16	October 3	9/6, 13, 20, 27
October	September 19	9/6, 13	October 31	10/4, 11, 18, 25
November	October 17	10/4, 11	December 5	11/1, 8, 15, 22, 29
December	November 21	11/8, 15	January 2, 2004	12/6, 13, 20, 27

^{1/} Weekly sales periods, ending on the indicated date, which are included in the applicable average. Information for the week is released by NASS on Friday of the following week.

TOP TEN TEXAS COUNTIES a/ – OCTOBER 2002

County	Number of Producers	Pounds	% Change From 2001b/	County	Number of Producers	Pounds	% Change From 2001b/
1. Erath	114	97,434,137	- 7.69	7. Deaf Smith	4	12,070,622	+ 826.35
2. Hopkins	164	38,150,491	+ 1.40	8. Hamilton	16	11,749,826	+ 9.53
3. Comanche	38	36,499,142	+ 1.10	9. Wood	44	10,306,016	- 2.08
4. Lamb	5	22,464,692	+ 32.65	10. Bailey	5	9,336,511	+ 81.34
5. El Paso	7	19,352,774	- 6.80	Ten County Total	452	276,139,741	+ 1.15 b/
6. Archer	55	18,775,530	+ 7.54	<u>Other Counties Total</u>	<u>394</u>	<u>139,844,578</u>	<u>+ 18.18</u>
				Texas Total	846	415,984,319	+ 6.30

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-----						
August 2001	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
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

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

TOP NEW MEXICO COUNTIES a/ – OCTOBER 2002

County	Number of Producers	Pounds	% Change From 2001b/	County	Number of Producers	Pounds	% Change From 2001b/
1. Chaves	39	146,724,404	+ 3.14	7. Socorro	8	15,451,268	+ 7.33
2. Roosevelt	43	93,881,863	+ 16.36	8. Valencia	9	9,699,520	- 0.49
3. Curry	20	93,363,518	+ 23.71	9. Bernalillo	5	5,823,434	- 3.21
4. Dona Ana	25	80,313,130	+ 8.94				
5. Lea	16	41,947,615	+ 13.22	Nine County Total	172	515,338,775	+ 10.83 b/
6. Eddy	7	28,134,023	+ 9.76	<u>Other Counties Total</u>	<u>6</u>	<u>14,186,025</u>	<u>+ 42.67</u>
				New Mexico Total	178	529,524,800	+ 11.50

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

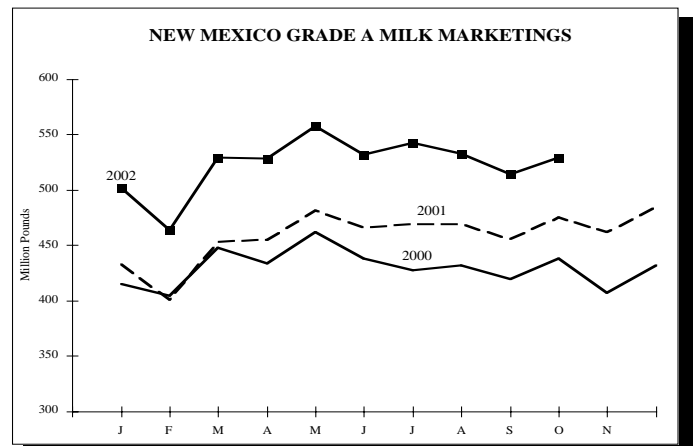
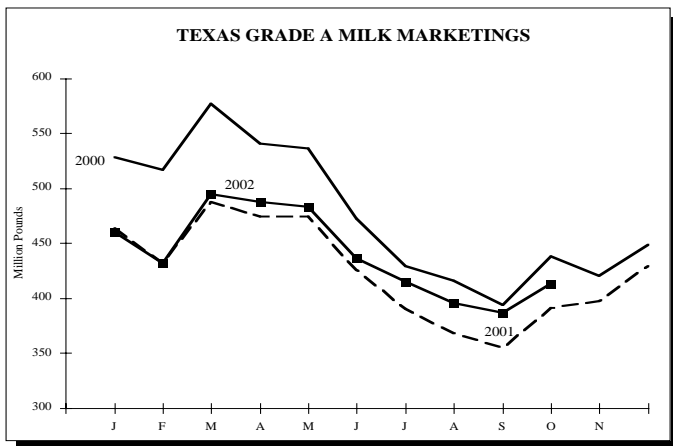
b/ Compared to top counties for the month in the previous year.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2000 THROUGH OCTOBER 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			-5.45	
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 OCTOBER 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			+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	



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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
October 2001	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
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

a/ In thousands.

**OCTOBER 2002
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$390,737.88
Class I Butterfat	60(a)	8,506,657	\$1.0235	\$8,706,563.46
Class I Skim Per Cwt		353,460,936	\$9.9100	\$35,027,978.78
Class II Butterfat	60(b)	7,767,008	\$1.0796	\$8,385,261.84
Class II Nonfat Solids		8,846,497	\$0.8456	\$7,480,597.88
Class III Butterfat	60(c)	8,915,228	\$1.0726	\$9,562,473.54
Class III Protein		7,888,993	\$2.1839	\$17,228,771.84
Class III Other Solids		14,421,960	\$0.0755	\$1,088,858.01
Class IV Butterfat	60(d)	4,263,379	\$1.0726	\$4,572,900.32
Class IV Nonfat Solids		6,258,491	\$0.7765	\$4,859,718.28
Class II, III & IV Somatic Cell Adj.	60(e)			\$118,117.18
Total Producer Milk-Product Lbs & Value		793,028,358		\$97,421,979.01
Add: Value as for 60(f) Thru 60(j)				\$88,738.79
Less: Total Protein Pounds	61(b)	24,720,090	\$2.1839	\$53,986,204.56
Total Other Solids Pounds		45,008,350	\$0.0755	\$3,398,130.46
Total Butterfat Pounds		29,452,272	\$1.0726	\$31,590,506.97
Total Value of Somatic Cell Adjustment				\$161,253.21
Total Milk and Value		793,028,358		\$8,374,622.60
Add: Location Differential Adjustments	61(c)			\$2,375,024.88
Producer-Settlement Fund	61(d)			\$343,514.13
Total Producer Milk/URSP and Value		793,028,358	\$1.39883	\$11,093,161.61
Less: Producer-Settlement Fund	61(f)		\$0.04883	\$387,278.78
Producer Price Differential (Dallas County)			\$1.35	\$10,705,882.83

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OCTOBER 2002
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	361,967,593	45.64	8,506,657	28.88	353,460,936	46.29
Class II	104,273,327	13.15	7,767,008	26.37	96,506,319	12.64
Class III	254,114,053	32.05	8,915,228	30.27	245,198,825	32.11
Class IV	72,673,385	9.16	4,263,379	14.48	68,410,006	8.96
Total	793,028,358	100.00	29,452,272	100.00	763,576,086	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,466,663	46.39	20,845,834	46.32	32,312,497	46.33
Class II	3,155,899	12.77	5,690,599	12.64	8,846,497	12.69
Class III	7,888,992	31.91	14,421,960	32.04	22,310,955	32.00
Class IV	2,208,536	8.93	4,049,957	9.00	6,258,491	8.98
Total	24,720,090	100.00	45,008,350	100.00	69,728,440	100.00