

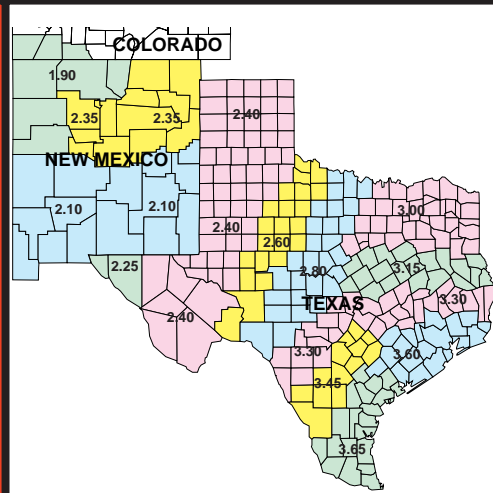
THE MARKET ADMINISTRATOR'S

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://www.dallasma.com>



VOLUME XXIV, NO. 8

AUGUST 2003

MARKET SUMMARY FOR JULY

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 \$0.23 for July. Butterfat price increased \$0.0479 per pound from \$1.1576 in June to the level of \$1.2055 in July. Protein price increased \$0.6046 per pound from \$1.9434 in June to \$2.5480 in July. July's Other Solids price increased \$0.0076 per pound from negative \$0.0200 in June to a negative \$0.0124 in July. The Somatic Cell Count adjustment rate factor for July was .00067 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a July statistical uniform price of \$12.01 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 \$0.68 in comparison to the statistical blend price of \$11.33 in June.

The July Class I price increased \$0.03 cents from

\$12.74 in June to the July level of \$12.77. The Boston Class I price of \$13.02 produced a dairy deficiency payment of \$1.76 for July. The Class II price for July of \$10.63 per hundredweight increased \$0.17 from \$10.46 in June. July's Class III price increased \$2.03 from \$9.75 in June to \$11.78 in July. The Class IV price increased \$0.19 from \$9.76 in June to \$9.95 in July.

In July 688 producers delivered a total of 595,392,320 pounds of milk. On a daily basis this represents a decrease of 34.86 percent from the producer receipts level in June and it represents a decrease of 28.08 percent when compared to the producer receipts level of July 2002.

Producer milk classified as Class I during July amounted to 54.61 percent of total producer receipts. This figure is up from 34.87 percent in June and it is up from 39.26 percent in July 2002. The average butterfat test of producer milk pooled during July was 3.521 percent, average protein test was 2.942 percent, average other solids test was 5.724 percent and the average somatic cell count was 340,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jul 03	Jun 03	Jul 03	Jun 03	Jul 03	Jun 03
Appalachian	12.49	12.04	-----	-----	77.05	62.33
Arizona-Las Vegas	11.53	10.47	-----	-----	34.00	27.61
Central	11.49	10.44	(0.29)	0.69	49.23	25.38
Florida	13.46	13.02	-----	-----	86.67	77.25
Mideast	11.68	10.63	(0.10)	0.88	51.20	34.00
Northeast	12.46	11.66	0.68	1.91	41.90	41.30
Pacific Northwest	10.93	10.37	(0.85)	0.62	41.91	25.87
Southeast	12.47	11.98	-----	-----	66.33	61.57
Southwest	12.01	11.33	0.23	1.58	54.61	34.87
Upper Midwest	11.37	10.13	(0.41)	0.38	49.70	15.60
Western	11.44	10.24	(0.34)	0.49	52.59	14.33

NEW DAIRY FARMER SELF-HELP PROGRAM TO BEGIN AUGUST 1

Cooperatives Working Together (CWT), the dairy industry's new voluntary, producer-funded effort to strengthen and stabilize farm milk prices, will begin accepting farmer bids for participation in the herd retirement and market reduction programs starting August 1st.

"Dairy producers are eager to get this historic initiative underway in order to improve the return they receive for their milk," said Jerry Kozak, NMPF President and CEO. America's dairy farmers have been faced with a prolonged period of unfavorable economic conditions, with farm level milk prices reaching 25-year lows this past spring.

CWT will use the proceeds from a 5 cent per hundredweight assessment on participating producers' milk output – starting with their July production – to implement a multi-dimensional program to reduce milk supplies by 1.2 billion pounds. The money raised by the program – estimated at \$60 million over 12 months – will be apportioned among three supply reduction programs. The three include a herd retirement program, a milk production reduction program, and a dairy product export assistance program.

"By offering all three programs, CWT gives us maximum flexibility, both with respect to the choices available to farmers, and in consideration of changing market circumstances," Kozak said. "And, we're going to stay with our initial plan to make 45 percent of the milk supply reductions through herd retirements, 10 percent through other marketing reductions and 35 percent through product exports." The remaining 10 percent will be allocated among the previous three programs as conditions warrant.

Because of recent improvements in the wholesale price of cheese and butter, plans are to implement the export program later in the 12-month CWT cycle, when such export activities will be most effective for producers, according to Kozak.

He said that the two programs in which individual producers can participate will begin immediately. Bid forms for the herd retirement and production programs were made available to farmers by the end of July, and completed forms had to be received by CWT (or be postmarked by) August 22nd. Successful bidders in both programs will be announced on or about September 12th. The herds of the accepted bidders in the retirement program are expected to be liquidated by mid- to late October. The reduced production marketings program, meanwhile, will begin its first quarter on October 1st, and run through September 2004.

Further details regarding the implementation of these three programs, and bid application forms, were made

available by the end of July on the Cooperatives Working Together website (www.cwt.coop), and through participating cooperatives throughout the country.

In order to be eligible to participate in the bidding process, producers must either belong to a cooperative fully supporting CWT, or have submitted an independent producer membership application in CWT.

The National Milk Producers Federation, headquartered in Arlington, VA, develops and carries out policies that advance the well-being of U.S. dairy producers and the cooperatives they collectively own. The members of NMPF's 35 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of 60,000 dairy producers on Capitol Hill and with government agencies.

For more on NMPF's activities, visit their Website at www.nmpf.org.

GLANBIA FOODS INC. IN JOINT VENTURE WITH GREATER SOUTHWEST AGENCY

Glanbia Foods Inc. has announced that it plans to build a \$170 million cheese and whey products production facility near Clovis, New Mexico. Glanbia Foods Inc. is a wholly owned subsidiary of Glanbia Food PLC in Ireland. This new plant will be 50% owned by Glanbia with the balance jointly owned by dairy farmer members of the Greater Southwest Agency (including Dairy Farmers of America, Select Milk Producers, Lone Star Milk Producers and Zia Milk Producers). The proposed project will be funded by way of \$35 million of equity investment each by Glanbia and the Greater Southwest Agency (total \$70m) with the remainder directly financed by the Joint Venture entity from third party sources. The Greater Southwest Agency will coordinate and supply milk to the facility.

The 300,000-square-foot facility will produce 640-pound and 40-pound cheese products, in addition to whey products, out of 6.6 million pounds of milk per day from area dairy farmers. Commissioning of the new facility is expected in the second half of 2005. Once fully operational, it is anticipated that the new facility will generate sales in the region of \$340 million in sales annually and will employ approximately 200 staff. Glanbia will have full responsibility for operations and for sales and marketing. Once fully operational, the new facility will annually process over 2.27 billion pounds of milk and produce 253.5 million pounds of cheese and 16.5 million pounds of high value added whey proteins.

TOP TEN TEXAS COUNTIES a/ – JULY 2003

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2002b/</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2002b/</u>
1. Erath	116	96,913,654	- 4.16	7. Deaf Smith	5	13,305,651	+ 11.97
2. Hopkins	161	42,314,032	+ 5.01	8. Parmer	4	13,270,380	+ 437.84
3. Comanche	37	33,870,711	- 2.29	9. Wood	43	12,016,563	+ 17.18
4. Lamb	7	27,863,498	+ 43.42	10. Hamilton	15	10,720,320	- 13.69
5. Archer	51	17,873,022	- 4.33	Ten County Total	445	285,440,983	+ 2.79 b/
6. El Paso	6	17,293,152	- 7.48	<u>Other Counties Total</u>	<u>389</u>	<u>158,674,254</u>	<u>+ 15.82</u>
				Texas Total	834	444,115,237	+ 7.09

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-----							
May 2002	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
December	13.52	11.62	9.74	10.49	2.18	119.22	5.84	175.06	.00056	109.26	112.03	86.82	19.65
Averages 2002 b/	14.01	11.55	10.42	10.81	1.97	119.28	5.93	197.35	.00059	109.31	118.55	90.43	19.74
January 2003	13.56	11.29	9.78	10.07	2.10	118.56	3.39	181.64	.00057	108.72	113.70	82.07	17.28
February	13.23	10.66	9.66	9.81	1.76	113.73	2.40	185.38	.00056	104.76	112.99	81.11	16.32
March	12.81	10.54	9.11	9.79	1.99	114.59	2.06	166.48	.00054	105.46	107.80	80.51	15.99
April	12.64	10.44	9.41	9.73	1.78	115.03	- 0.08	180.06	.00055	107.36	109.97	80.30	15.82
May	12.71	10.43	9.71	9.74	1.59	115.12	- 1.44	192.75	.00057	107.43	113.94	80.40	14.50
June	12.74	10.46	9.75	9.76	1.58	115.76	- 2.00	194.34	.00057	107.97	114.64	80.40	13.96
July	12.77	10.63	11.78	9.95	0.23	120.55	- 1.24	254.80	.00067	111.96	134.97	80.72	14.70

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

TOP NEW MEXICO COUNTIES a/ – JULY 2003

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2002b/</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2002b/</u>
1. Chaves	39	154,694,990	+ 2.57	7. Socorro	8	16,620,459	+ 5.34
2. Roosevelt	44	104,074,368	+ 7.32	8. Valencia	9	10,609,754	+ 1.40
3. Curry	20	97,587,715	+ 0.19	9. Bernalillo	5	6,069,096	- 1.64
4. Dona Ana	24	81,151,472	+ 0.20				
5. Lea	16	46,128,281	+ 7.80	Nine County Total	172	544,540,611	+ 2.97 b/
6. Eddy	7	27,604,476	+ 0.61	<u>Other Counties Total</u>	<u>6</u>	<u>16,342,664</u>	<u>+ 19.21</u>
				New Mexico Total	178	560,883,275	+ 3.38

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

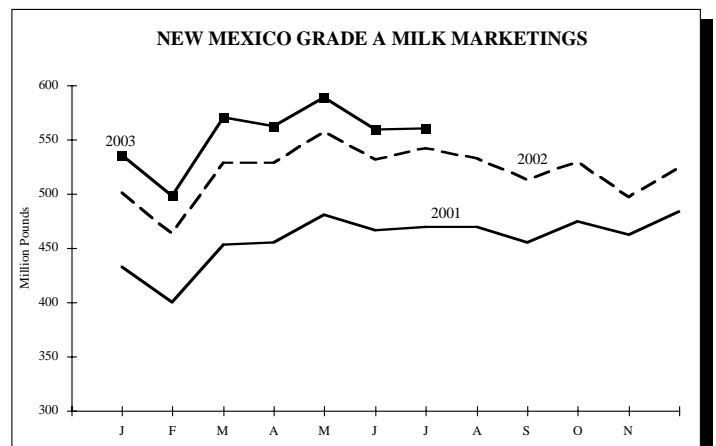
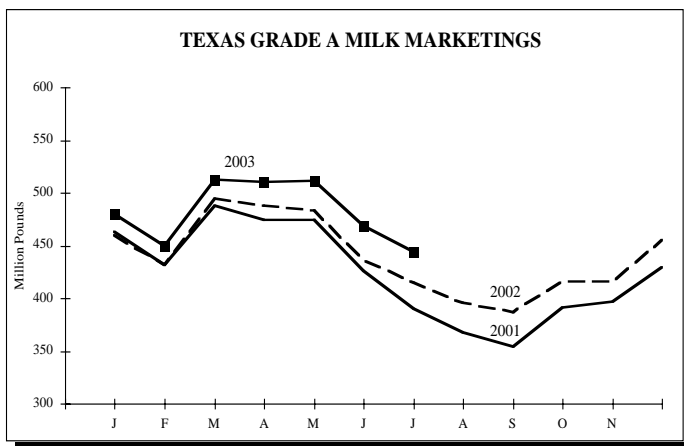
b/ Compared to top counties for the month in the previous year.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2001 THROUGH JULY 2003, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2001 POUNDS	Number of Producers	2002 POUNDS	Number of Producers	2003 POUNDS	Number of Producers	PERCENT CHANGE 2002/01	2003/02
January	463,431,654	1,026	459,850,238	897	480,011,354	845	-0.77	+ 4.38
February	432,156,106	1,006	431,807,361	894	449,362,000	840	-0.08	+ 4.07
March	487,875,678	991	494,608,931	893	512,243,241	841	+1.38	+ 3.57
April	474,386,881	978	487,475,741	889	510,466,950	838	+2.76	+ 4.72
May	474,236,039	962	482,994,330	875	511,474,552	840	+1.85	+ 5.90
June	425,591,909	954	435,698,971	872	468,387,455	838	+2.37	+ 7.50
July	389,996,462	933	414,700,943	862	444,115,237	834	+6.33	+ 7.09
August	367,810,615	919	395,468,644	851			+7.52	
September	354,482,882	916	386,732,687	859			+9.10	
October	391,332,224	908	415,984,319	846			+6.30	
November	397,352,762	907	415,537,665	847			+4.58	
December	<u>429,232,267</u>	903	<u>454,863,992</u>	843			<u>+5.97</u>	
Years Total	5,087,885,479		5,275,723,822				+3.69	

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2001 THROUGH JULY 2003, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2001 POUNDS	Number of Producers	2002 POUNDS	Number of Producers	2003 POUNDS	Number of Producers	PERCENT CHANGE 2002/01	2003/02
January	432,749,978	166	501,275,998	174	535,741,056	177	+15.84	+ 6.66
February	400,543,634	166	463,667,936	173	498,218,526	176	+15.76	+ 7.45
March	453,232,150	165	528,830,087	175	570,901,632	177	+16.68	+ 7.96
April	454,980,340	167	528,467,048	175	562,338,380	177	+16.15	+ 6.41
May	480,995,372	169	557,746,887	176	589,176,775	177	+15.96	+ 5.64
June	466,640,323	170	532,178,000	178	559,442,259	177	+14.04	+ 5.12
July	469,362,545	171	542,546,821	176	560,883,275	178	+15.59	+ 3.38
August	469,391,326	174	532,685,705	176			+13.48	
September	455,259,423	173	513,773,496	178			+12.85	
October	474,918,306	173	529,524,800	178			+11.50	
November	462,212,000	173	496,802,059	178			+7.48	
December	<u>484,020,641</u>	173	<u>523,409,272</u>	178			<u>+8.14</u>	
Years Total	5,504,306,038		6,250,908,109				+13.56	



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
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
December	3.80	3.74	3.15	3.10	5.69	5.69	8.84	8.79	356	306
Averages 2002	3.69	3.60	3.08	3.02	5.68	5.69	8.75	8.70	370	293
January 2003	3.77	3.72	3.11	3.05	5.70	5.68	8.80	8.73	338	313
February	3.74	3.68	3.08	3.01	5.71	5.69	8.78	8.70	331	289
March	3.70	3.63	3.05	2.99	5.71	5.73	8.76	8.72	343	277
April	3.59	3.56	3.02	2.96	5.73	5.75	8.75	8.70	306	252
May	3.55	3.49	2.98	2.93	5.72	5.75	8.70	8.68	328	251
June	3.57	3.45	2.98	2.92	5.71	5.74	8.69	8.65	368	273
July	3.56	3.44	2.98	2.90	5.69	5.73	8.67	8.63	395	290

a/ In thousands.

JULY 2003
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$337,349.59
Class I Butterfat	60(a)	7,902,275	\$1.1890	\$9,395,804.99
Class I Skim Per Cwt		317,226,079	\$8.9200	\$28,296,566.25
Class II Butterfat	60(b)	8,011,898	\$1.2125	\$9,714,426.35
Class II Nonfat Solids		8,404,882	\$0.7356	\$6,182,631.19
Class III Butterfat	60(c)	1,435,791	\$1.2055	\$1,730,846.05
Class III Protein		223,513	\$2.5480	\$569,511.13
Class III Other Solids		432,890	(\$0.0124)	(\$5,367.86)
Class IV Butterfat	60(d)	3,617,611	\$1.2055	\$4,361,030.07
Class IV Nonfat Solids		14,044,911	\$0.6605	\$9,276,663.73
Class II, III & IV Somatic Cell Adj.	60(e)			\$41,244.80
Total Producer Milk-Product Lbs & Value		595,392,320		\$69,900,706.29
Add: Value as for 60(f) Thru 60(j)				\$75,362.76
Less: Total Protein Pounds	61(b)	17,518,389	\$2.5480	\$44,636,855.19
Total Other Solids Pounds		34,081,678	(\$0.0124)	(\$422,612.80)
Total Butterfat Pounds		20,967,575	\$1.2055	\$25,276,411.67
Total Value of Somatic Cell Adjustment				\$39,771.16
Total Milk and Value		595,392,320		\$445,643.83
Add: Location Differential Adjustments	61(c)			\$796,353.92
Producer-Settlement Fund	61(d)			\$410,052.58
Total Producer Milk/URSP and Value		595,477,729	\$0.27743	\$1,652,050.33
Less: Producer-Settlement Fund	61(f)		\$0.04743	\$282,451.55
Producer Price Differential (Dallas County)			\$0.23	\$1,369,598.78

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

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

RETURN SERVICE REQUESTED

JULY 2003
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	325,128,354	54.61	7,902,275	37.69	317,226,079	55.23
Class II	101,485,452	17.05	8,011,898	38.21	93,473,554	16.27
Class III	8,733,642	1.46	1,435,791	6.85	7,297,851	1.27
Class IV	160,044,872	26.88	3,617,611	17.25	156,427,261	27.23
Total	595,392,320	100.00	20,967,575	100.00	574,424,745	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	9,703,119	55.39	18,790,756	55.13	28,493,874	55.22
Class II	2,857,711	16.31	5,547,168	16.28	8,404,882	16.29
Class III	223,513	1.28	432,890	1.27	656,400	1.27
Class IV	4,734,046	27.02	9,310,864	27.32	14,044,911	27.22
Total	17,518,389	100.00	34,081,678	100.00	51,600,067	100.00