

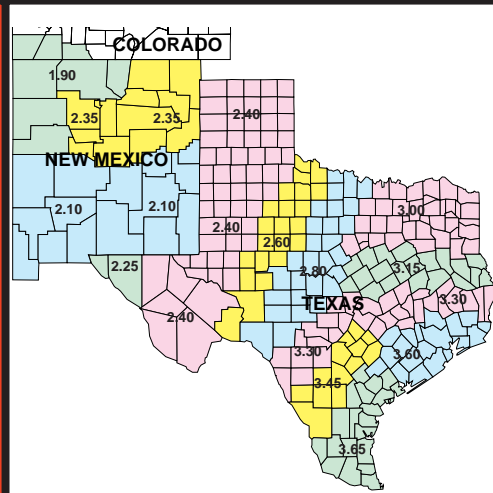
THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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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 \$1.76 for February. Butterfat price decreased \$0.0483 per pound from \$1.1856 in January to the level of \$1.1373 in February. Protein price increased \$0.0374 per pound from \$1.8164 in January to \$1.8538 in February. February's Other Solids price decreased \$0.0099 per pound from the previous month to \$0.0240. The Somatic Cell Count adjustment rate factor for February 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 February statistical uniform price of \$11.42 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 \$0.46 in comparison to the statistical blend price of \$11.88 in January.

The February Class I price decreased 33 cents

from \$13.56 in January to the February level of \$13.23. The Boston Class I price of \$13.48 produced a dairy deficiency payment of \$1.56 for February. The Class II price for January of \$10.66 per hundredweight decreased \$0.63 from \$11.29 in January. February's Class III price decreased \$0.12 from \$9.78 in January to \$9.66 in February. The Class IV price decreased \$0.26 from \$10.07 in January to \$9.81 in February.

In February 987 producers delivered a total of 822,100,377 pounds of milk. On a daily basis this represents an increase of 8.53 percent from the producer receipts level in January and it represents an increase of 8.17 percent when compared to the producer receipts level of February 2002.

Producer milk classified as Class I during February amounted to 38.65 percent of total producer receipts. This figure is down from 44.31 percent in January and it is down from 41.59 percent in February 2002. The average butterfat test of producer milk pooled during February was 3.712 percent, average protein test was 3.046 percent, average other solids test was 5.702 percent and the average somatic cell count was 305,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Feb 03	Jan 03	Feb 03	Jan 03	Feb 03	Jan 03
Appalachian	12.52	12.94	-----	-----	71.40	71.39
Arizona-Las Vegas	10.63	10.97	-----	-----	30.80	32.36
Central	10.41	10.67	0.75	0.89	24.72	26.07
Florida	13.65	14.18	-----	-----	87.10	88.91
Mideast	10.72	11.05	1.06	1.27	37.60	40.80
Northeast	11.79	12.19	2.13	2.41	44.80	45.30
Pacific Northwest	10.44	10.76	0.78	0.98	28.83	30.46
Southeast	12.32	12.68	-----	-----	65.22	64.29
Southwest	11.42	11.88	1.76	2.10	38.65	44.31
Upper Midwest	10.13	10.36	0.47	0.58	18.50	19.70
Western	10.29	10.49	0.63	0.71	18.56	18.74

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 three years of reform in existence total 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 three years.

For the year 2002, disposition of fluid milk products in the Southwest Order totaled 4,186.2 million pounds, up 0.69 percent compared to the same period in 2000. The ever so slight increase was due in part to the relatively strong showing of the lowfat milk products, with the exception of skim milk. Total whole milk products showed declines from 2000 levels.

SOUTHWEST ORDER			
Product	January - December		% Change
	2000	2002	
<u>Whole Milk Products</u>			
	Million Pounds		
Whole	1,943.0	1,923.9	-0.98
Flavored	117.3	120.2	+2.47
Total Whole Milk	2,060.3	2,044.1	-0.79
<u>Lowfat Milk Products</u>			
2%	1,091.8	1,128.0	+3.32
1%	356.4	356.8	+0.11
Skim	367.1	356.8	-2.81
Flavored Lowfat	206.3	233.5	+13.18
Buttermilk and Other	75.5	67.0	-11.26
Total Lowfat Milk	2,097.1	2,142.1	+2.15
Combined Total	4,157.4	4,186.2	+0.69

AGRICULTURE ASSISTANCE ACT PROGRAM

In the first phase of agriculture assistance implementation authorized under the Agricultural Assistance Act of 2003, USDA announced that sign-up for the expanded Livestock Compensation Program will begin April 1, 2003. USDA has also launched a website, located at www.usda.gov, that provides producers one location for details on these programs.

LCP sign-up will begin on April 1 and is scheduled to end early June, 2003. The Act expands LCP by including additional counties that were approved under a Secretarial disaster designation or Presidential disaster declaration for damages and losses due to any natural disaster.

Previously under LCP, a county must have been named as a primary county under a Secretarial disaster designation between Jan. 1, 2001, and Sept. 19, 2002, only for drought. The Act expands LCP to make eligible any counties that were requested as primary

disaster areas under a Presidential or Secretarial declaration by Feb. 20, 2003, and that were subsequently approved.

To be eligible for LCP assistance, a producer's livestock operation headquarters must be physically located in a county with a qualifying disaster designation. LCP payments will be based on losses per head or number of eligible livestock and catfish.

To sign up for LCP assistance, eligible producers should visit their local FSA offices on April 1. USDA anticipates more than 700 additional counties will be made eligible for LCP under the Act. LCP was originally administered in 2,149 counties.

TOP 10 MILK PRODUCING STATES 2002

Rank	State	Million Pounds
2001	2002	
1	1	California
2	2	Wisconsin
3	3	New York
4	4	Pennsylvania
5	5	Minnesota
6	6	Idaho
8	7	New Mexico
7	8	Michigan
9	9	Washington
10	10	Texas
		U.S. Total
		169,758

DAIRY DEFICIENCY PAYMENTS PER CWT

Month	Boston Class I	Boston Minus Target	Deficiency Payment *
Dec 01	15.23	1.71	0.77
Jan 02	15.21	1.73	0.78
Feb 02	15.20	1.74	0.78
Mar 02	14.87	2.07	0.93
Apr 02	14.72	2.22	1.00
May 02	14.51	2.43	1.09
Jun 02	14.28	2.66	1.20
Jul 02	13.87	3.07	1.38
Aug 02	13.73	3.21	1.44
Sep 02	13.71	3.23	1.45
Oct 02	13.40	3.54	1.59
Nov 02	13.85	3.09	1.39
Dec 02	13.77	3.17	1.43
Jan 03	13.81	3.13	1.41
Feb 03	13.48	3.46	1.56
Mar 03	13.06	3.88	1.75

* (Boston Class I — \$16.94) X 0.45

TOP TEN TEXAS COUNTIES a/ – FEBRUARY 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	114	103,593,325	- 9.66	7. Wood	45	12,630,849	+ 7.55
2. Hopkins	161	44,962,648	+ 1.47	8. Hamilton	15	12,396,499	+ 2.26
3. Comanche	37	37,927,572	+ 0.08	9. Deaf Smith	4	12,088,366	+ 318.88
4. Lamb	6	23,137,175	+ 40.96	10. Tom Green	8	9,292,348	+ 7.04
5. El Paso	7	19,481,056	- 3.50	Ten County Total	448	293,874,292	- 0.89 b/
6. Archer	51	18,364,454	- 4.14	<u>Other Counties Total</u>	<u>392</u>	<u>155,487,708</u>	<u>+ 14.92</u>
				Texas Total	840	449,362,000	+ 4.07

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 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
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

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

TOP NEW MEXICO COUNTIES a/ – FEBRUARY 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	38	139,565,441	+ 1.56	7. Socorro	8	14,666,877	+ 4.22
2. Roosevelt	43	87,011,984	+ 11.55	8. Valencia	9	9,469,292	+ 3.04
3. Curry	20	84,275,735	+ 13.20	9. Bernalillo	5	5,147,432	- 2.95
4. Dona Ana	24	76,284,132	+ 6.70				
5. Lea	16	41,214,589	+ 11.46	Nine County Total	170	484,254,586	+ 6.94 b/
6. Eddy	7	26,619,104	+ 3.75	<u>Other Counties Total</u>	<u>6</u>	<u>13,963,940</u>	<u>+ 28.66</u>
				New Mexico Total	176	498,218,526	+ 7.45

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

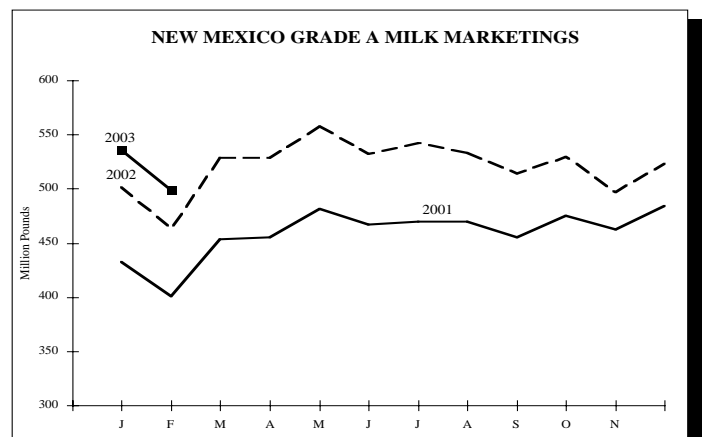
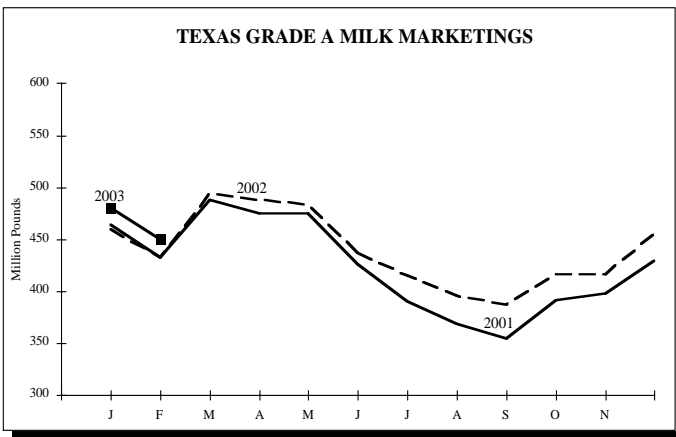
b/ Compared to top counties for the month in the previous year.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2001 THROUGH FEBRUARY 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			+1.38	
April	474,386,881	978	487,475,741	889			+2.76	
May	474,236,039	962	482,994,330	875			+1.85	
June	425,591,909	954	435,698,971	872			+2.37	
July	389,996,462	933	414,700,943	862			+6.33	
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 FEBRUARY 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			+16.68	
April	454,980,340	167	528,467,048	175			+16.15	
May	480,995,372	169	557,746,887	176			+15.96	
June	466,640,323	170	532,178,000	178			+14.04	
July	469,362,545	171	542,546,821	176			+15.59	
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	



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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
February 2002	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
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

a/ In thousands.

**FEBRUARY 2003
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$365,761.00
Class I Butterfat	60(a)	7,294,805	\$1.2433	\$9,069,631.07
Class I Skim Per Cwt		310,435,203	\$9.2000	\$28,560,038.67
Class II Butterfat	60(b)	7,632,788	\$1.1443	\$8,734,199.32
Class II Nonfat Solids		8,248,649	\$0.7667	\$6,324,239.22
Class III Butterfat	60(c)	7,630,861	\$1.1373	\$8,678,578.24
Class III Protein		7,490,308	\$1.8538	\$13,885,532.99
Class III Other Solids		14,091,619	\$0.0240	\$338,198.86
Class IV Butterfat	60(d)	7,956,211	\$1.1373	\$9,048,598.80
Class IV Nonfat Solids		13,779,807	\$0.6711	\$9,247,628.48
Class II, III & IV Somatic Cell Adj.	60(e)			\$121,616.74
Total Producer Milk-Product Lbs & Value		822,100,377		\$94,374,023.39
Add: Value as for 60(f) Thru 60(j)				\$34,149.32
Less: Total Protein Pounds	61(b)	25,043,224	\$1.8538	\$46,425,128.65
Total Other Solids Pounds		46,874,163	\$0.0240	\$1,124,979.90
Total Butterfat Pounds		30,514,665	\$1.1373	\$34,704,328.54
Total Value of Somatic Cell Adjustment				\$206,399.51
Total Milk and Value		822,100,377		\$11,947,336.11
Add: Location Differential Adjustments	61(c)			\$2,559,831.72
Producer-Settlement Fund	61(d)			\$340,712.49
Total Producer Milk/URSP and Value		822,100,377	\$1.80609	\$14,847,880.32
Less: Producer-Settlement Fund	61(f)		\$0.04609	\$378,913.68
Producer Price Differential (Dallas County)			\$1.76	\$14,468,966.64

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REPORT

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RETURN SERVICE REQUESTED

FEBRUARY 2003
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	317,730,008	38.65	7,294,805	23.91	310,435,203	39.22
Class II	98,193,363	11.94	7,632,788	25.01	90,560,575	11.44
Class III	246,205,781	29.95	7,630,861	25.01	238,574,920	30.14
Class IV	159,971,225	19.46	7,956,211	26.07	152,015,014	19.20
Total	822,100,377	100.00	30,514,665	100.00	791,585,712	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	9,894,605	39.51	18,412,406	39.28	28,307,004	39.36
Class II	2,880,691	11.50	5,367,954	11.45	8,248,649	11.47
Class III	7,490,308	29.91	14,091,619	30.06	21,581,927	30.01
Class IV	4,777,620	19.08	9,002,184	19.21	13,779,807	19.16
Total	25,043,224	100.00	46,874,163	100.00	71,917,387	100.00