

The Market Administrator's BULLETIN

SOUTHWEST MARKETING AREA

Cary Hunter, Market Administrator

July 2021

Federal Order No. 126

Market Overview

Producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a June statistical uniform price of \$18.05 for milk testing 3.5% butterfat, 2.99% true protein, 5.69% other solids and 350,000 SCC. This is an increase in comparison to the statistical uniform price of \$17.32 in May.

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$0.84 for June. The June Class I price increased \$1.19 from \$20.10 in May to the June level of \$21.29. The Class II price increased \$0.44 from \$16.22 in May to \$16.66 in June. The Class III price decreased \$1.75 from \$18.96 in May to \$17.21 in June. The Class IV price increased \$0.19 from \$16.16 in May to \$16.35 in June.

In June, 432 producers delivered a total of 968,221,935 pounds of milk. On a daily basis, this represents a decrease of 0.70 percent from the producer receipts level in May but an increase of 18.97 percent when compared to the producer receipts level of June 2020.

Producer milk classified as Class I during June amounted to 29.84 percent of total producer receipts. This figure is down from 31.61 percent in May and from 40.96 percent in June 2020. The average butterfat test of producer milk pooled during June was 3.994 percent, average protein test was 3.216 percent, average other solids test was 5.795 percent, and the average somatic cell count was 219,000.

The June butterfat price decreased \$0.0210 from \$1.9851 in May to the June level of \$1.9641. The protein price decreased \$0.5473 from \$3.1307 in May to \$2.5834 in June. The other solids price decreased \$0.0066 from \$0.4645 in May to \$0.4579 in June. The somatic cell adjustment rate in June was 0.00082 per cwt.

June 2021 Pool Summary

- ◆ The Statistical Uniform Price for the Southwest Order in June 2021 is \$18.05 with a PPD of \$0.84
- ◆ 968 million pounds were pooled in June. This is down 0.70 percent on a daily basis from May 2021
- ◆ 432 producers pooled their milk; this is up from 415 in May
- ◆ Class I milk accounted for 29.84 percent of all receipts, down from 31.61 in May

Classification of Producer Milk

	<i>Price</i>	<i>Pounds</i>	<i>Percent</i>
Class I	21.29	288,935,877	29.84
Class II	16.66	135,013,462	13.94
Class III	17.21	74,154,107	7.67
Class IV	16.35	470,118,489	48.55

Producer Prices

Statistical Uniform Price	\$18.05	/ cwt
Producer Price Differential	\$0.84	/ cwt
Butterfat Price	\$1.9641	/ lb
Protein Price	\$2.5834	/ lb
Other Solids Price	\$0.4579	/ lb
Nonfat Solids Price	\$1.0908	/ lb
Somatic Cell Adjustment Rate	\$0.00082	/ cwt

National Ice Cream Month

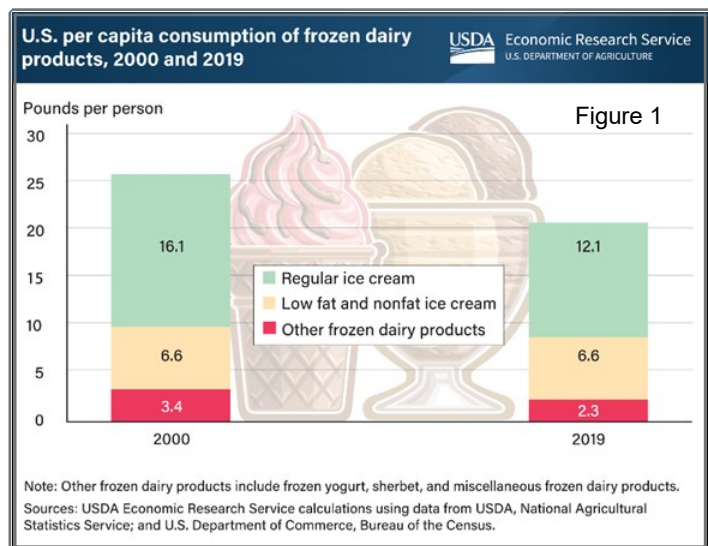
July marks the celebration of National Ice Cream Month and National Ice Cream Day. National Ice Cream Day occurs on the third Sunday in July and, this year, fell on July 18, 2021; this marks 37 years since President Ronald Regan established the event in 1984. Make sure to take a break from the summer heat by enjoying this chilly dessert!

Here are some interesting [facts](#) about ice cream that you may not know:

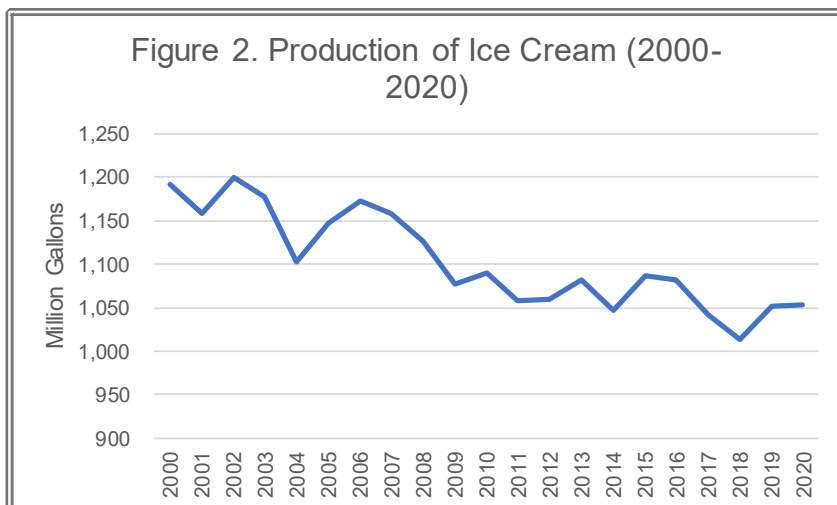
- It takes 3 gallons of milk to make a gallon of ice cream.
- Approximately 9 percent of the milk produced in the U.S. is used to make ice cream.
- 87 percent of Americans have ice cream in their freezer at any given time.

Ice Cream Utilization

It is no secret that Americans enjoy their ice cream; on average, consumers eat around 22 pounds of ice cream each year which includes other frozen desserts such as frozen yogurt and sherbet. According to the International Dairy Foods Association, this adds around \$13 billion per year to the U.S. economy ([International Dairy Foods Association](#)). In keeping with the spirit of National Ice Cream Month, this article will explore the data trends in ice cream utilization and consumption over the last twenty years. Since ice cream has a relatively short shelf-life, utilization, or production, can be used as a proxy for consumption.



While it is apparent that Americans love their ice cream, data suggests that per capita consumption has decreased by 4 pounds over the last twenty years (Figure 1). According to the Economic Research Service, “The downward trend in consumption of frozen dairy products corresponds with a 17 percent decline in consumption of caloric sweeteners between 2000 and 2019, reflecting increased consumer awareness about sugar intake” ([Economic Research Service](#)).

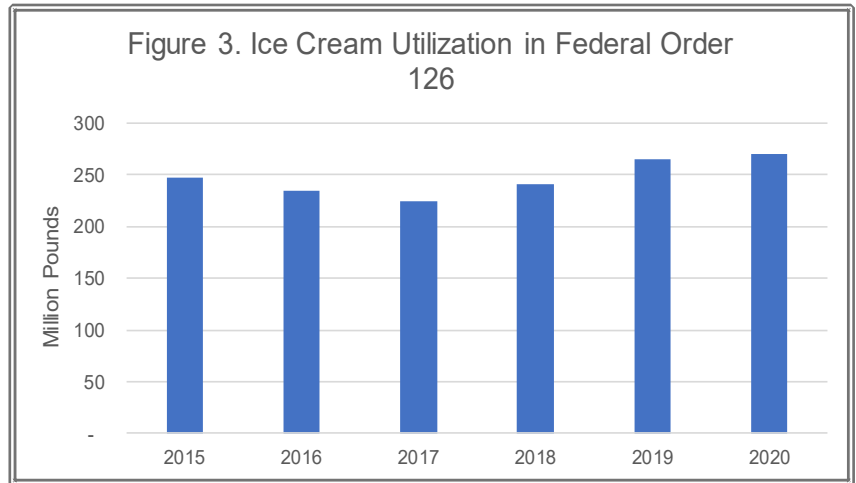


Total consumption of ice cream decreased as well, as evidenced by industry’s decrease in ice cream production over time – falling 11 percent since the turn of the century (Figure 2). Further, ERS suggests that most of the industry has “shifted toward increased production of low-fat ice creams at the expense of regular fat content ice creams. Since 2000, production of low-fat ice cream has increased by 23 percent, while regular ice cream production has

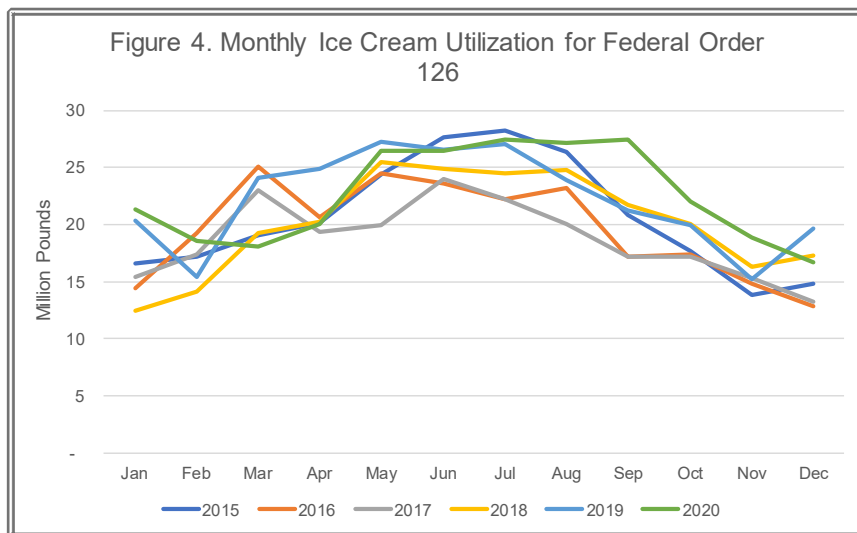
decreased by 14 percent” ([Economic Research Service](#)). In 2020, ice cream production remained at constant levels despite disruptions due to the Covid-19 pandemic. According to DairyFoods Magazine, “When grappling with the uncertainty of the COVID-19 pandemic, many consumers turned to familiar and comforting indulgences... Over the 52 weeks ending Sept. 6, 2020, dollar sales in the ice cream subcategory of the larger ice cream/sherbet category were up 13.4% (to \$6,841.8 million), while unit sales increased by 8.4% (to 1,703.6 million).” The pandemic also revealed that consumers showed a greater tendency of ordering ice cream online and trying new and diverse flavors since more families were staying home ([DairyFoods Magazine](#)).

Ice Cream Utilization in Federal Order 126

Since 2018, ice cream utilization in Federal Order 126 has increased by an average of 6 percent each year after falling in 2017 (Figure 3). In fact, Federal Order 126 had a higher ice cream utilization in 2020 than in each of the previous five years, providing more evidence that the Covid-19 pandemic did not stop consumers from eating their favorite frozen treat. Monthly data shows that



ice cream utilization benefited from the usual summer surge, as most consumers eat ice cream when temperatures rise. In the previous years, ice cream utilization did decline as summer turned into fall, however, in

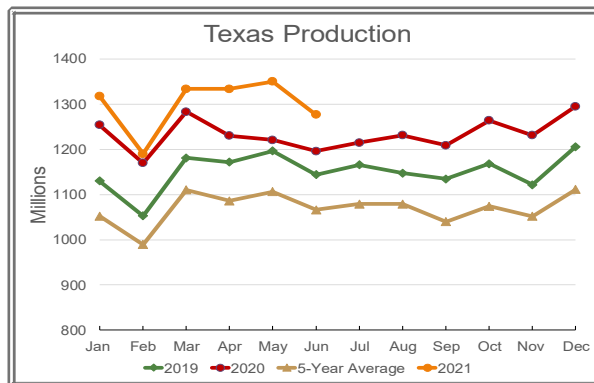


2020, utilization remained strong through September and maintained higher than normal levels during the fall and winter months (Figure 4).

While ice cream consumption has generally decreased in the last twenty years, it remains a popular dessert for many Americans. Whether we are enjoying ice cream after a hot summer day, or looking for a classic, comforting treat during a time of crisis, ice cream will remain a delicious and satisfying staple for American households.

Texas Dairy Production

In June, Texas dairy production totaled 1,277 million pounds. This is a 6.83 percent increase relative to June 2020 and a 19.8 percent increase from the June five year average (2016-2020). The June average butterfat for Texas production is 4.05 percent, the average protein is 3.26 percent, and the average other solids at 5.80 percent. The average somatic cell count is at 221,000.



Month	2021 Number of Producers	2021 Pounds (In Thousands)	2020 Pounds (In Thousands)	% Change from 2020/2021	2021 Butterfat	2021 Protein	2021 Other Solids	2021 SCC (In Thousands)
Jan	347	1,318,082	1,253,665	5.14	4.36	3.44	5.78	195
Feb	345	1,189,774	1,169,904	1.70	4.36	3.42	5.80	221
Mar	344	1,334,318	1,283,200	3.98	4.28	3.39	5.77	222
Apr	336	1,333,803	1,230,411	8.40	4.22	3.36	5.79	193
May	335	1,350,465	1,221,048	10.60	4.15	3.34	5.80	197
Jun	333	1,277,426	1,195,801	6.83	4.05	3.26	5.80	221
Jul			1,215,313					
Aug			1,230,660					
Sep			1,208,695					
Oct			1,263,531					
Nov			1,231,430					
Dec			1,295,286					
Total		7,803,868	14,798,944					

1/ Revised

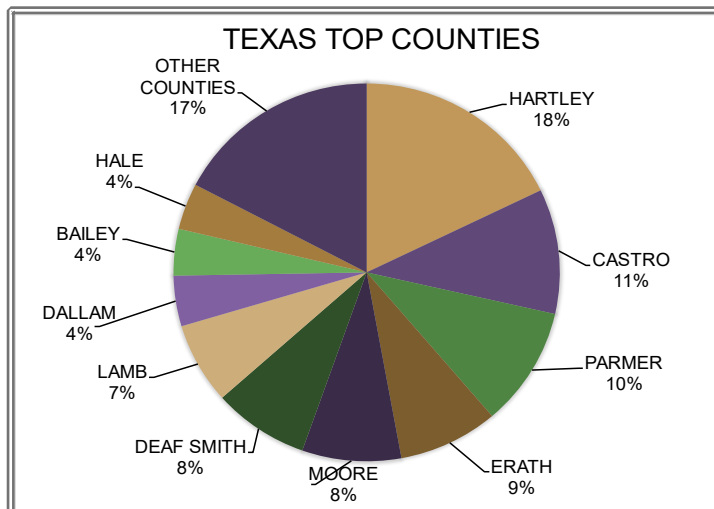
2/ Simple Average of Total

Top Texas Counties

Hartley County has the largest share of Texas production at 18 percent, followed by Castro County at 11 percent. Overall, 333 producers delivered milk in Texas for the month of June.

County	Number of Producers	June 2021 Pounds	% Change 2020/2021
HARTLEY	18	228,033,573	11.73
CASTRO	14	136,524,009	20.18
PARMER	16	130,405,814	9.18
ERATH	46	106,850,974	5.12
MOORE	9	105,979,320	21.94
DEAF SMITH	14	102,804,894	5.33
LAMB	13	88,726,522	6.16
DALLAM	5	55,219,780	0.35
BAILEY	10	50,897,232	(2.53)
HALE	6	50,680,996	5.66
SUM	151	1,056,123,114	9.77
OTHER COUNTIES	182	221,303,131	(5.31)
TEXAS TOTAL	333	1,277,426,245	6.83

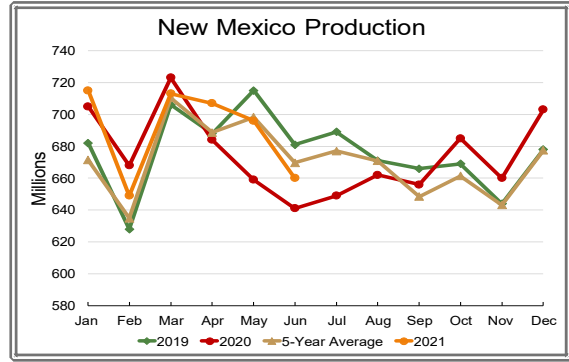
1/ Revised



Click [HERE](#) for more information on Texas Milk Production

New Mexico Dairy Production

In June, New Mexico dairy production totaled 660 million pounds. This is a 2.95 percent increase relative to June 2020 and a 1.4 percent decrease from the June five year average (2016-2020). The June average butterfat is 3.67 percent, the average protein is 3.08 percent, and the average other solids at 5.80 percent. The average somatic cell count is at 182,000.



Month	2021 Number of Producers	2021 Pounds (In Thousands)	2020 Pounds (In Thousands)	% Change from 2020/2021	2021 Butterfat	2021 Protein	2021 Other Solids	2021 SCC (In Thousands)
Jan	128	714,908	705,328	1.36	3.97	3.29	5.78	173
Feb	124	649,004	667,885	(2.83)	3.95	3.26	5.79	190
Mar	124	712,738	723,349	(1.47)	3.89	3.22	5.77	180
Apr	124	706,687	684,417	3.25	3.81	3.20	5.79	159
May	123	696,133	659,032	5.63	3.73	3.16	5.79	160
Jun	121	660,067	641,179	2.95	3.67	3.08	5.80	182
Jul			648,864					
Aug			662,140					
Sep			656,039					
Oct			684,537					
Nov			660,408					
Dec			703,177					
Total		4,139,537	8,096,355					

1/ Revised

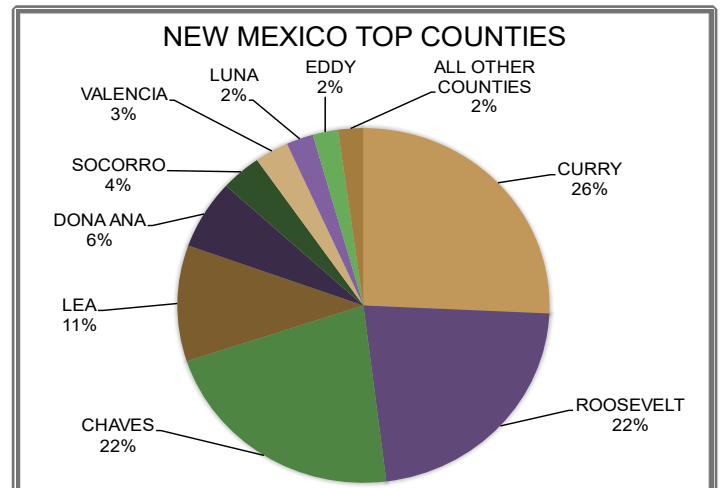
2/ Simple Average of Total Components

Top New Mexico Counties

Curry County has the largest share of New Mexico production at 26 percent, followed by Chaves and Roosevelt Counties at 22 percent each. Overall, 121 producers delivered milk in New Mexico for the month of June.

County	Number of Producers	June 2021 Pounds	% Change 2020/2021
CURRY	24	169,760,600	6.91
ROOSEVELT	32	147,289,380	1.35
CHAVES	25	144,375,836	(2.20)
LEA	10	69,832,578	8.41
DONA ANA	9	41,578,635	(2.47)
SOCORRO	7	23,248,486	9.62
VALENCIA	4	19,505,119	3.60
LUNA	3	15,533,406	0.96
EDDY	3	14,511,420	2.14
SUM	117	645,635,460	2.74
OTHER COUNTIES	4	14,431,332	13.09
NM TOTAL	121	660,066,792	2.95

1/ Revised



Click [HERE](#) for more information on New Mexico Milk Production

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

JUNE 2021

		Pounds	Price	Value
Add: Class I Differential				\$363,860.29
Class I Butterfat	60(a)	6,974,032	\$ 1.9974	\$13,929,931.55
Class I Skim Per Cwt		281,961,845	\$14.8200	\$41,786,745.43
Class II Butterfat	60(b)	16,130,921	\$ 1.9711	\$31,795,658.41
Class II Nonfat Solids		11,077,660	\$ 1.1244	\$12,455,720.93
Class III Butterfat	60(c)	3,562,101	\$ 1.9641	\$6,996,322.58
Class III Protein		2,353,953	\$ 2.5834	\$6,081,202.19
Class III Other Solids		4,256,568	\$ 0.4579	\$1,949,082.48
Class IV Butterfat	60(d)	12,008,862	\$ 1.9641	\$23,586,605.88
Class IV Nonfat Solids		43,291,975	\$ 1.0908	\$47,222,886.35
Class II, III, & IV Somatic Cell Adjustment	60(e)			\$782,506.69
Total Producer Milk- Product Pounds and Value		968,221,935		\$186,950,522.78
Add: Value as for 60(f) thru 60(j)				\$17,820.18
Less: Total Protein Pounds		61(b)		\$80,441,904.06
Total Other Solids Pounds		31,137,998	\$ 2.5834	\$25,692,715.00
Total Butterfat Pounds		56,109,882	\$ 0.4579	\$75,963,366.59
Total Value of Somatic Cell Adjustment		38,675,916	\$ 1.9641	\$1,043,292.80
Total Milk and Value		968,221,935		\$3,827,064.51
Add: Location Differential Adjustments	61(c)			\$4,336,461.22
Producer - Settlement Fund Reserve	61(d)			\$406,148.19
Total Product Milk/URSP and Value		968,221,935	\$ 0.88509	\$8,569,673.92
Less: Producer - Settlement Fund Reserve	61(f)		\$ 0.04509	\$436,609.67
Producer Price Differential (Dallas County)			\$0.84	\$8,133,064.25

PPD per cwt

Remaining value from which PPD per cwt is calculated

Producer Milk Utilization Percentages						
	Product		Butterfat		Skim Milk	
	Pounds	Percent	Pounds	Percent	Pounds	Percent
Class I	288,935,877	29.84	6,974,032	18.03	281,961,845	30.33
Class II	135,013,462	13.94	16,130,921	41.71	118,882,541	12.79
Class III	74,154,107	7.67	3,562,101	9.21	70,592,006	7.60
Class IV	470,118,489	48.55	12,008,862	31.05	458,109,627	49.28
Total	968,221,935	100.00	38,675,916	100.00	929,546,019	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	38,675,916	31,137,998	56,109,882	87,247,880
Average Test	3.994%	3.216%	5.795%	9.011%

Federal Order Prices

Federal Order	Statistical Uniform	Statistical Uniform	PPD	PPD	Class I Utilization	Class I Utilization
	Jun-21	May-21	Jun-21	May-21	Jun-21	May-21
Appalachian - F.O. 5	20.19	19.35	N/A	N/A	65.70	67.09
Arizona - F.O. 131	17.76	17.25	N/A	N/A	27.99	30.24
Central - F.O. 32	17.44	16.78	0.23	(2.18)	29.96	38.43
Florida - F.O. 6	22.40	21.26	N/A	N/A	80.56	79.10
Mideast - F.O. 33	17.81	17.43	0.60	(1.53)	31.20	37.40
Northeast - F.O. 1	18.50	18.34	1.29	(0.62)	28.10	28.90
Pacific NW - F.O. 124	17.32	17.26	0.11	(1.70)	20.81	21.09
California - F.O. 51	17.30	16.73	0.09	(2.23)	19.10	19.10
Southeast - F.O. 7	20.39	19.52	N/A	N/A	64.50	63.80
Southwest - F.O. 126	18.05	17.32	0.84	(1.64)	29.84	31.61
Upper Midwest - F.O. 30	17.38	17.52	0.17	(1.44)	14.60	0.22

Useful links:

Agricultural Marketing Service (AMS) Dairy Website: <https://www.ams.usda.gov/rules-regulations/moa/dairy>

Federal Order Websites: <https://www.ams.usda.gov/rules-regulations/moa/dairy/mmadmin>

Dairy Market News: <https://www.ams.usda.gov/market-news/dairy-market-news-weekly-printed-reports>

National Agriculture Statistics Service (NASS): <https://www.nass.usda.gov/>

Economic Research Service: <https://www.ers.usda.gov/>



Milk Market Administrator

P.O. Box 110939

Carrollton, TX 75011-0939

(972) 245-6060 (Phone)

(972) 245-3211 (Fax)

sw.order@dallasma.com (Email)

For more information, visit our website: www.dallasma.com

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