

The Market Administrator's BULLETIN

SOUTHWEST MARKETING AREA

Cary Hunter, Market Administrator

October 2021

Federal Order No. 126

Market Overview

Producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received an September statistical uniform price of \$17.55 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 \$17.33 in August.

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$1.02 for September. The September Class I price decreased \$0.31 from \$19.90 in August to the September level of \$19.59. The Class II price increased \$0.38 from \$16.51 in August to \$16.89 in September. The Class III price increased \$0.58 from \$15.95 in August to \$16.53 in September. The Class IV price increased \$0.44 from \$15.92 in August to \$16.36 in September.

In September, 466 producers delivered a total of 1,055,944,527 pounds of milk. On a daily basis, this represents an increase of 3.45 percent from the producer receipts level in August and an increase of 23.07 percent when compared to the producer receipts level of September 2020.

Producer milk classified as Class I during September amounted to 31.59 percent of total producer receipts. This figure is up from 31.10 percent in August and down from 39.00 percent in September 2020. The average butterfat test of producer milk pooled during September was 4.038 percent, average protein test was 3.291 percent, average other solids test was 5.768 percent, and the average somatic cell count was 237,000.

The September butterfat price increased \$0.0880 from \$1.8508 in August to the September level of \$1.9388. The protein price increased \$0.1428 from \$2.4582 in August to \$2.6010 in September. The other solids price decreased \$0.0290 from \$0.3735 in August to \$0.3445 in September. The somatic cell adjustment rate in September was 0.00082 per cwt.

September 2021 Pool Summary

- ◆ The Statistical Uniform Price for the Southwest Order in September 2021 is \$17.55 with a PPD of \$1.02.
- ◆ 1,056 million pounds were pooled in September. This is up 3.45 percent on a daily basis from August 2021.
- ◆ 466 producers pooled their milk; this is up from 433 in August.
- ◆ Class I milk accounted for 31.59 percent of all receipts, up from 31.10 in August.

Classification of Producer Milk

	<i>Price</i>	<i>Pounds</i>	<i>Percent</i>
Class I	19.59	333,602,884	31.59
Class II	16.89	131,354,857	12.44
Class III	16.53	276,062,044	26.15
Class IV	16.36	314,924,742	29.82

Producer Prices

Statistical Uniform Price	\$17.55	/ cwt
Producer Price Differential	\$1.08	/ cwt
Butterfat Price	\$1.9388	/ lb
Protein Price	\$2.6010	/ lb
Other Solids Price	\$0.3445	/ lb
Nonfat Solids Price	\$1.1027	/ lb
Somatic Cell Adjustment Rate	\$0.00082	/ cwt

Pandemic Market Volatility Assistance Program (PMVAP) Update

Since the announcement of the Pandemic Market Volatility Assistance Program (PMVAP) in mid-August, USDA has been actively implementing the administration of this program that will distribute up to \$350 million in payments directly to dairy farmers.

The role of the handler/cooperative

USDA is wrapping up one-on-one meetings with approximately 200 handlers and cooperatives that purchased milk and participated in the Federal Milk Marketing Order program during the July-December 2020 period. Handlers and cooperatives are critical to the administration of the PMVAP. They have the proprietary producer production data that determines the eligible milk under PMVAP rules. Further, they are the entities that distribute program funds to dairy farmers. To ensure the integrity of the PMVAP and proper distribution of funds, USDA will enter into an agreement with each handler and cooperative. This process, along with a thorough explanation of the mechanics of the program, is currently underway.

Dairy farmer payments

As reported when the program was announced on August 19, 2021, PMVAP is designed to provide pandemic assistance payments directly to dairy farmers who received a lower value for their milk due to market abnormalities caused by the pandemic. Funds are projected to be paid to dairy farmers by the end of December 2021.

AGI CERTIFICATION REQUIRED BY DAIRY FARMERS

Similar to many USDA programs the PMVAP requires dairy farmers to attest that they meet *either of the following* adjusted gross income (AGI) requirements of the program:

- Less than \$900,000 average AGI for tax years 2016, 2017, and 2018, **or**
- 75 percent of your average taxable income for tax years 2016, 2017, and 2018 came from farming, ranching, or forestry-related activities

Your handler or cooperative may have provided you with an attestation statement, which you **MUST** complete and return in order to receive a payment from the program.

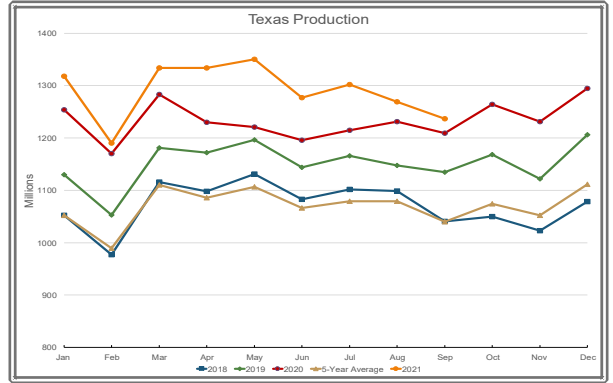
Additional Information

Program information for handlers and dairy farmers can be found at <https://www.ams.usda.gov/services/pandemic-market-volatility-assistance-program>.

For additional questions not covered in the resources online, please email PMVAP@usda.gov.

Texas Dairy Production

In September, Texas dairy production totaled 1,237 million pounds. This is a 2.31 percent increase relative to September 2020 and a 18.9 percent increase from the September five year average (2016-2020). The September average butterfat for Texas production is 4.11 percent, the average protein is 3.33 percent, and the average other solids at 5.77 percent. The average somatic cell count is at 236,000.



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	331	1,301,047	1,215,313	7.05	4.05	3.25	5.79	246
Aug	330	1,268,705	1,230,660	3.09	4.08	3.28	5.77	251
Sep	329	1,236,659	1,208,695	2.31	4.11	3.33	5.77	236
Oct			1,263,531					
Nov			1,231,430					
Dec			1,295,286					
Total		11,610,279	14,798,944					

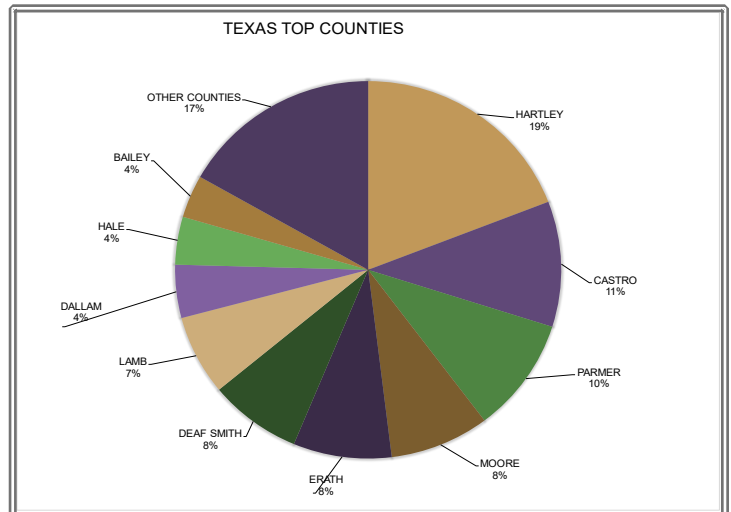
1/ Revised
2/ Simple Average of Total

Top Texas Counties

Hartley County has the largest share of Texas production at 19 percent, followed by Castro County at 11 percent. Overall, 329 producers delivered milk in Texas for the month of September.

County	Number of Producers	September 2021 Pounds	% Change 2020/2021
HARTLEY	18	236,635,041	4.02
CASTRO	13	132,896,671	15.05
PARMER	16	121,570,938	1.15
MOORE	9	103,077,499	11.29
ERATH	46	101,861,340	0.99
DEAF SMITH	14	96,012,182	(4.01)
LAMB	13	84,590,935	(1.67)
DALLAM	5	56,278,970	4.19
HALE	6	50,655,715	0.34
BAILEY	10	45,231,696	(11.04)
SUM	150	1,028,810,987	3.08
OTHER COUNTIES	179	207,847,530	(1.32)
TEXAS TOTAL	329	1,236,658,517	2.31

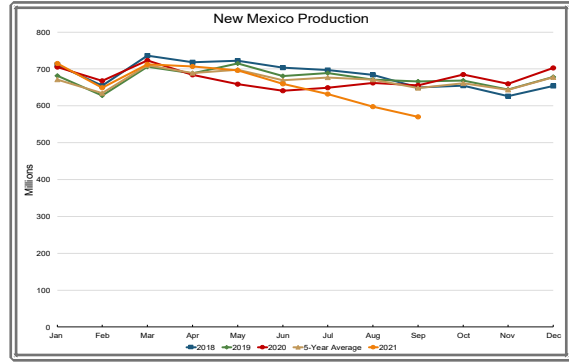
1/ Revised



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

New Mexico Dairy Production

In September, New Mexico dairy production totaled 570 million pounds. This is a 13.09 percent decrease relative to September 2020 and a 12.1 percent decrease from the September five year average (2016-2020). The September average butterfat is 3.72 percent, the average protein is 3.14 percent, and the average other solids at 5.75 percent. The average somatic cell count is at 242,000.



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	120	632,273	648,864	(2.56)	3.67	3.05	5.78	247
Aug	116	597,982	662,140	(9.69)	3.70	3.09	5.75	259
Sep	116	570,133	656,039	(13.09)	3.72	3.14	5.75	242
Oct			684,537					
Nov			660,408					
Dec			703,177					
Total		5,939,925	8,096,355					

1/ Revised

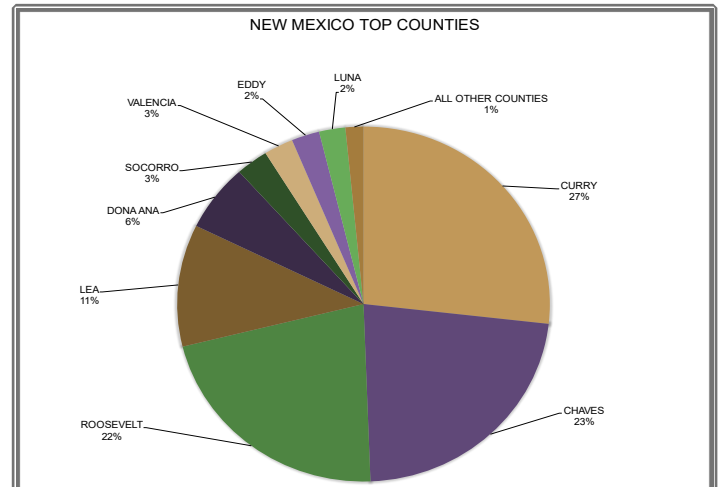
2/ Simple Average of Total Components

Top New Mexico Counties

Curry County has the largest share of New Mexico production at 27 percent, followed by Chaves at 23 percent and Roosevelt at 22 percent. Overall, 116 producers delivered milk in New Mexico for the month of September.

County	Number of Producers	September 2021 Pounds	% Change 2020/2021
CURRY	25	152,715,559	(8.97)
CHAVES	24	128,956,070	(14.31)
ROOSEVELT	31	123,932,715	(16.15)
LEA	10	63,365,339	(4.73)
DONA ANA	9	34,883,170	(14.28)
SOCORRO	5	16,001,270	(23.74)
VALENCIA	4	14,574,663	(26.17)
EDDY	3	13,850,813	(8.08)
LUNA	3	12,983,340	(10.45)
SUM	114	561,262,939	(12.79)
OTHER COUNTIES	2	8,870,283	(29.02)
NM TOTAL	116	570,133,222	(13.09)

1/ Revised



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

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

JULY 2021

	Pounds	Price	Value
Add: Class I Differential			\$364,536.28
Class I Butterfat	7,515,284	\$ 1.8853	\$14,168,564.93
Class I Skim Per Cwt	326,087,600	\$13.4600	\$43,891,390.97
Class II Butterfat	15,249,448	\$ 1.9458	\$29,672,375.93
Class II Nonfat Solids	10,849,908	\$ 1.1611	\$12,597,828.18
Class III Butterfat	10,428,325	\$ 1.9388	\$20,218,436.53
Class III Protein	9,201,234	\$ 2.6010	\$23,932,409.65
Class III Other Solids	15,997,828	\$ 0.3445	\$5,511,251.77
Class IV Butterfat	9,451,512	\$ 1.9388	\$18,324,591.49
Class IV Nonfat Solids	29,072,678	\$ 1.1027	\$32,058,442.07
Class II, III, & IV Somatic Cell Adjustment			\$723,919.11
Total Producer Milk- Product Pounds and Value	1,055,944,527		\$201,525,392.67
Add: Value as for 60(f) thru 60(j)			\$56,922.83
Less: Total Protein Pounds	34,751,839	\$ 2.6010	\$90,389,533.22
Total Other Solids Pounds	60,915,974	\$ 0.3445	\$20,985,553.06
Total Butterfat Pounds	42,644,569	\$ 1.9388	\$82,679,290.37
Total Value of Somatic Cell Adjustment			\$980,571.24
Total Milk and Value	1,054,721,426		\$6,547,367.61
Add: Location Differential Adjustments			\$4,272,418.86
Producer - Settlement Fund Reserve			\$446,796.80
Total Product Milk/URSP and Value	1,054,721,426	\$ 1.20258	\$11,266,583.27
Less: Producer - Settlement Fund Reserve		\$ 0.04258	\$495,949.09
Producer Price Differential (Dallas County)		\$1.02	\$10,770,634.18

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	333,602,884	31.59	7,515,284	17.62	326,087,600	32.18
Class II	131,354,857	12.44	15,249,448	35.76	116,105,409	11.46
Class III	276,062,044	26.15	10,428,325	24.46	265,633,719	26.21
Class IV	314,924,742	29.82	9,451,512	22.16	305,473,230	30.15
Total	1,055,944,527	100.00	42,644,569	100.00	1,013,299,958	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	42,644,569	34,751,839	60,915,974	95,667,813
Average Test	4.038%	3.291%	5.768%	9.059%

Federal Order Prices

Federal Order	Statistical Uniform	Statistical Uniform	PPD	PPD	Class I Utilization	Class I Utilization
	Sep-21	Aug-21	Sep-21	Aug-21	Sep-21	Aug-21
Appalachian - F.O. 5	19.37	19.24	N/A	N/A	73.77	72.11
Arizona - F.O. 131	17.40	17.08	N/A	N/A	32.65	32.37
Central - F.O. 32	16.73	16.50	0.20	0.55	28.99	28.02
Florida - F.O. 6	21.22	21.11	N/A	N/A	83.34	80.55
Mideast - F.O. 33	17.12	16.85	0.59	0.90	31.50	29.50
Northeast - F.O. 1	17.96	17.69	1.43	1.74	31.00	28.40
Pacific NW - F.O. 124	16.67	16.47	0.14	0.52	23.88	22.32
California - F.O. 51	16.91	16.59	0.38	0.64	20.80	16.10
Southeast - F.O. 7	19.70	19.60	N/A	N/A	71.14	71.80
Southwest - F.O. 126	17.55	17.33	1.02	1.38	31.59	31.10
Upper Midwest - F.O. 30	16.71	16.22	0.18	0.27	9.20	9.70

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/>



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