

The Market Administrator's BULLETIN

SOUTHWEST MARKETING AREA

Cary Hunter, Market Administrator

September 2021

Federal Order No. 126

Market Overview

Producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received an August statistical uniform price of \$17.33 for milk testing 3.5% butterfat, 2.99% true protein, 5.69% other solids and 350,000 SCC. This is a decrease in comparison to the statistical uniform price of \$17.65 in July.

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$1.38 for August. The August Class I price decreased \$0.52 from \$20.42 in July to the August level of \$19.90. The Class II price decreased \$0.32 from \$16.83 in July to \$16.51 in August. The Class III price decreased \$0.54 from \$16.49 in July to \$15.95 in August. The Class IV price decreased \$0.08 from \$16.00 in July to \$15.92 in August.

In August, 433 producers delivered a total of 1,054,721,426 pounds of milk. On a daily basis, this represents an increase of 0.99 percent from the producer receipts level in July and an increase of 17.22 percent when compared to the producer receipts level of August 2020.

Producer milk classified as Class I during August amounted to 31.10 percent of total producer receipts. This figure is up from 28.53 percent in July and down from 37.04 percent in August 2020. The average butterfat test of producer milk pooled during August was 3.986 percent, average protein test was 3.234 percent, average other solids test was 5.766 percent, and the average somatic cell count was 258,000.

The August butterfat price decreased \$0.0488 from \$1.8996 in July to the August level of \$1.8508. The protein price decreased \$0.0375 from \$2.4957 in July to \$2.4582 in August. The other solids price decreased \$0.0446 from \$0.4181 in July to \$0.3735 in August. The somatic cell adjustment rate in August was 0.00078 per cwt.

August 2021 Pool Summary

- ◆ The Statistical Uniform Price for the Southwest Order in August 2021 is \$17.33 with a PPD of \$1.38
- ◆ 1,055 million pounds were pooled in August. This is up 0.99 percent on a daily basis from July 2021
- ◆ 433 producers pooled their milk; this is up from 416 in July
- ◆ Class I milk accounted for 31.10 percent of all receipts, up from 28.53 in July

Classification of Producer Milk

	<i>Price</i>	<i>Pounds</i>	<i>Percent</i>
Class I	19.90	328,065,245	31.10
Class II	16.51	139,636,448	13.24
Class III	15.95	319,882,935	30.33
Class IV	15.92	267,136,798	25.33

Producer Prices

Statistical Uniform Price	\$17.33	/ cwt
Producer Price Differential	\$1.38	/ cwt
Butterfat Price	\$1.8508	/ lb
Protein Price	\$2.4582	/ lb
Other Solids Price	\$0.3735	/ lb
Nonfat Solids Price	\$1.0872	/ lb
Somatic Cell Adjustment Rate	\$0.00078	/ cwt

USDA Announces Dairy Donation Program

The U.S. Department of Agriculture (USDA) recently announced a Dairy Donation Program to facilitate timely dairy product donations while reducing food waste. Under this new program, eligible dairy organizations form partnerships with non-profit feeding organizations that distribute food to individuals and families in need. Those partnerships may apply for and receive reimbursements to cover some expenses related to eligible dairy product donations.

An eligible dairy organization is a dairy farmer, cooperative, or processor that purchases fresh milk or bulk dairy products to process into retail-packaged dairy products and accounts to a Federal milk marketing order (FMMO). The reimbursement rate will be the sum of: 1) the cost of milk used to make the donated eligible dairy product (monthly FMMO classified milk price based on the product and month of processing); 2) manufacturing cost (FMMO make allowance); and 3) transportation cost from the plant to distribution point. These reimbursements will help offset the cost for dairy products donated to food assistance programs.

Details about program eligibility and participation are available at www.ams.usda.gov/ddp. Interested partnerships must apply by completing and submitting a Dairy Donation and Distribution Plan (Plan) describing the process to be used for the donation, processing, transportation, temporary storage, and distribution of eligible dairy products. Plans will be accepted on a rolling basis and approved within 15 business days of submission. After approval, partnerships will be able to submit specific information to obtain reimbursement claims for eligible dairy products donated since January 1, 2020.

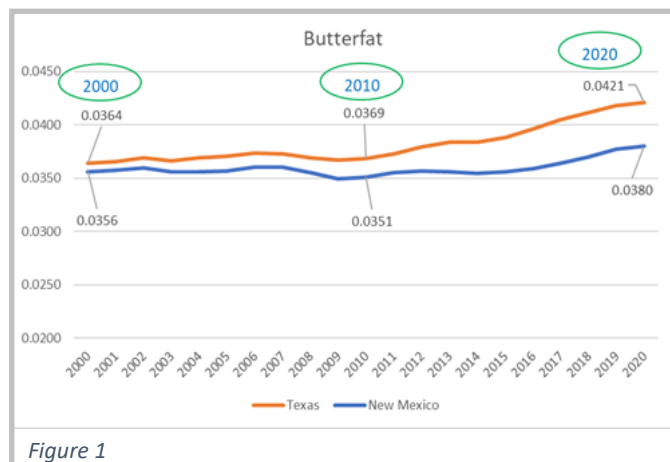
Entities participating in the MDRP will be automatically enrolled and do not need to reapply for the DDP. Supplemental reimbursements will be automatically distributed to MDRP participants who received reimbursements under the MDRP for eligible donations made since January 1, 2020. These reimbursements will equal the difference between the reimbursed values for the DDP and MDRP. To ensure equitable participation amongst low-income and other underserved persons and communities, USDA-AMS encourages collaborations with faith-based, community-based, and non-profit organizations of all sizes.

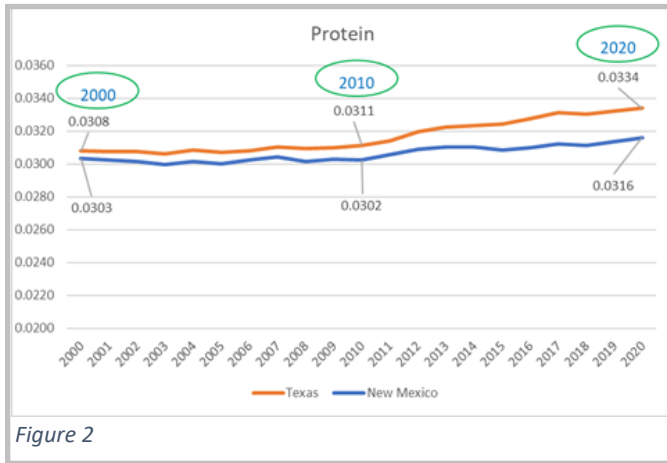
Component changes over the past 20 year

In the past 20 years, components have changed significantly in Texas and New Mexico. In this article, we are going to look at how components have changed from 2000 to 2020 in Texas and New Mexico for butterfat, protein, other solids, and somatic cell counts.

Butterfat

Since 2000, butterfat tests have increased for both New Mexico and Texas. Texas dairy producers' butterfat test has increased from 3.64 percent in 2000 to 4.21 percent in 2020 (Figure 1), an increase of 0.57 percent. Most of the increase occurred after 2010. New Mexico producers have also seen an increase in butterfat tests, but not to the same extent as Texas producers, with an increase of 0.24 percent.



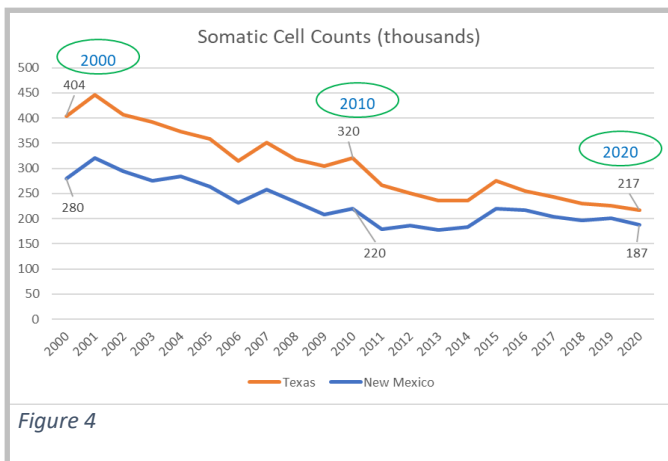
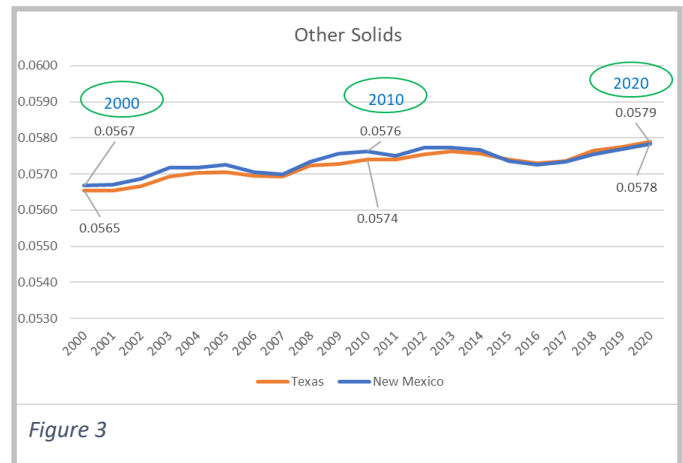


Protein

Protein has also seen an increase over the past 20 years in both Texas and New Mexico with an increase of 0.26 percent and 0.13, respectively (Figure 2). For both Texas and New Mexico, most of the increase started after 2010. For both butterfat and protein, these component test increases stem in part from changing breed dynamics, improved genetics, improved nutrition, and general improvements in farm management (University of Kentucky, 2020).

Other Solids

Unlike the growth seen with butterfat and protein tests, other solids tests have been relatively stable, with few differences seen between Texas and New Mexico (Figure 3). Other solids include lactose, vitamins, and minerals. The non-protein nitrogen compounds (such as urea) were moved to the other solids component in 2000. Texas producers increased their other solids test by 0.14 percent and New Mexico producers increased their tests by 0.11 percent. The increase is relatively flat and constant .

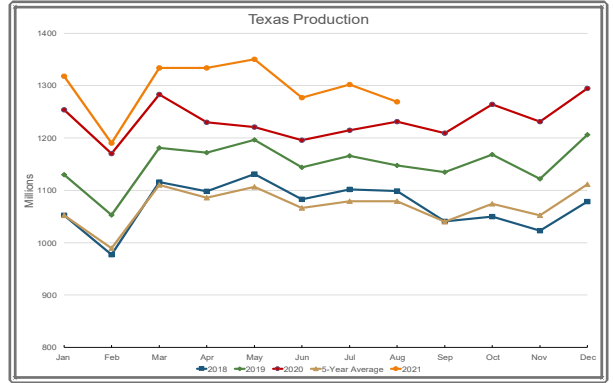


Somatic Cell Counts

Somatic cell counts (SCC) have steadily dropped since order reform in 2000 (Figure 4). FO 126 is one of four Federal Orders that utilize the somatic cell adjuster in their statistical uniform price announcement. Texas SCC counts have almost dropped in half from 404,000 in 2000 to 217,000 in 2020. Meanwhile, New Mexico (who has always had lower SCC values) has dropped from 280,000 to 187,000.

Texas Dairy Production

In August, Texas dairy production totaled 1,269 million pounds. This is a 3.10 percent increase relative to August 2020 and a 17.6 percent increase from the August five year average (2016-2020). The August average butterfat for Texas production is 4.08 percent, the average protein is 3.28 percent, and the average other solids at 5.77 percent. The average somatic cell count is at 251,000.



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	1,268,763	1,230,660	3.10	4.08	3.28	5.77	251
Sep			1,208,695					
Oct			1,263,531					
Nov			1,231,430					
Dec			1,295,286					
Total		10,373,678	14,798,944					

1/ Revised

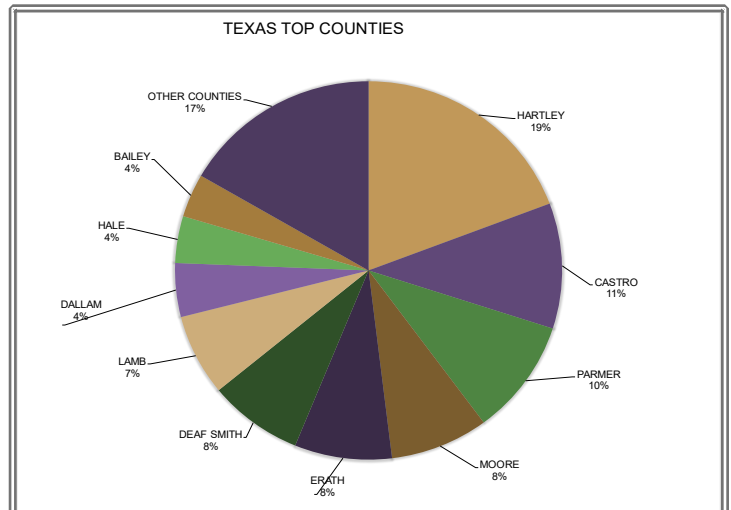
2/ Simple Average of Total

Top Texas Counties

Hartley County has the largest share of Texas production at 19 percent, followed by Castro County at 11 percent. Overall, 330 producers delivered milk in Texas for the month of August.

County	Number of Producers	August 2021 Pounds	% Change 2020/2021
HARTLEY	18	244,292,218	6.92
CASTRO	14	135,939,325	14.83
PARMER	16	125,450,283	2.16
MOORE	8	104,075,820	11.40
ERATH	46	103,145,389	4.78
DEAF SMITH	14	100,267,944	(4.30)
LAMB	13	88,128,682	(1.21)
DALLAM	5	58,276,102	2.56
HALE	6	50,766,034	1.71
BAILEY	10	47,100,233	(6.73)
SUM	150	1,057,442,030	4.41
OTHER COUNTIES	180	211,321,331	(3.02)
TEXAS TOTAL	330	1,268,763,361	3.10

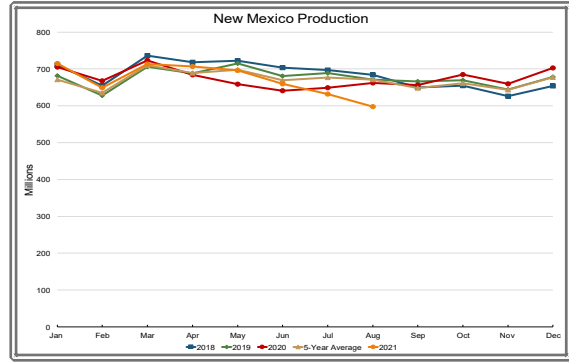
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Click [HERE](#) for more information on Texas Milk Production

New Mexico Dairy Production

In August, New Mexico dairy production totaled 598 million pounds. This is a 9.69 percent decrease relative to August 2020 and a 10.9 percent decrease from the August five year average (2016-2020). The August average butterfat is 3.70 percent, the average protein is 3.09 percent, and the average other solids at 5.75 percent. The average somatic cell count is at 259,000.



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			656,039					
Oct			684,537					
Nov			660,408					
Dec			703,177					
Total		5,369,792	8,096,355					

1/ Revised

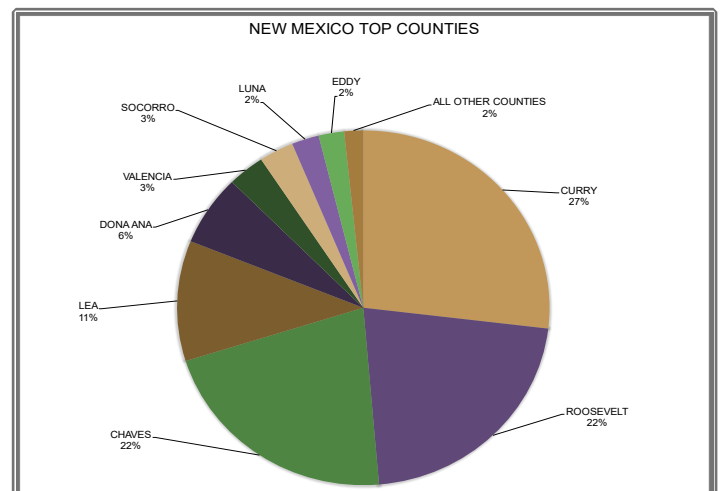
2/ Simple Average of Total Components

Top New Mexico Counties

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

County	Number of Producers	August 2021 Pounds	% Change 2020/2021
CURRY	24	160,726,026	(6.46)
ROOSEVELT	31	130,200,947	(12.31)
CHAVES	25	128,556,796	(14.05)
LEA	10	65,586,690	(3.08)
DONA ANA	9	38,404,438	(5.31)
VALENCIA	4	19,221,658	(2.49)
SOCORRO	5	18,023,572	(18.92)
LUNA	3	14,181,302	(5.77)
EDDY	3	13,241,422	(11.50)
SUM	114	588,142,851	(9.52)
OTHER COUNTIES	2	9,839,460	(18.59)
NM TOTAL	116	597,982,311	(9.69)

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	7,563,101	\$ 1.9350	\$14,634,600.50
Class I Skim Per Cwt	320,502,144	\$13.6000	\$43,588,291.59
Class II Butterfat	15,761,350	\$ 1.8578	\$29,281,436.03
Class II Nonfat Solids	11,500,406	\$ 1.1522	\$13,250,767.79
Class III Butterfat	12,151,609	\$ 1.8508	\$22,490,197.94
Class III Protein	10,590,379	\$ 2.4582	\$26,033,269.67
Class III Other Solids	18,537,060	\$ 0.3735	\$6,923,591.93
Class IV Butterfat	6,574,066	\$ 1.8508	\$12,167,281.39
Class IV Nonfat Solids	24,489,467	\$ 1.0872	\$26,624,948.54
Class II, III, & IV Somatic Cell Adjustment			\$553,189.36
Total Producer Milk- Product Pounds and Value	1,054,721,426		\$195,929,634.10
Add: Value as for 60(f) thru 60(j)			\$2,454.24
Less: Total Protein Pounds	34,111,515	\$ 2.4582	\$83,852,926.20
Total Other Solids Pounds	60,819,138	\$ 0.3735	\$22,715,948.08
Total Butterfat Pounds	42,050,126	\$ 1.8508	\$77,826,373.20
Total Value of Somatic Cell Adjustment			\$757,525.88
Total Milk and Value	1,054,721,426		\$10,779,314.98
Add: Location Differential Adjustments			\$3,866,924.71
Producer - Settlement Fund Reserve			\$407,904.30
Total Product Milk/URSP and Value	1,054,721,426	\$ 1.20258	\$15,054,143.99
Less: Producer - Settlement Fund Reserve		\$ 0.04258	\$498,988.31
Producer Price Differential (Dallas County)		\$1.38	\$14,555,155.68

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	328,065,245	31.10	7,563,101	17.99	320,502,144	31.65
Class II	139,636,448	13.24	15,761,350	37.48	123,875,098	12.23
Class III	319,882,935	30.33	12,151,609	28.90	307,731,326	30.39
Class IV	267,136,798	25.33	6,574,066	15.63	260,562,732	25.73
Total	1,054,721,426	100.00	42,050,126	100.00	1,012,671,300	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	42,050,126	34,111,515	60,819,138	94,930,653
Average Test	3.986%	3.234%	5.766%	9.000%

Federal Order Prices

Federal Order	Statistical Uniform	Statistical Uniform	PPD	PPD	Class I Utilization	Class I Utilization
	Aug-21	Jul-21	Aug-21	Jul-21	Aug-21	Jul-21
Appalachian - F.O. 5	19.24	19.61	N/A	N/A	72.11	69.24
Arizona - F.O. 131	17.08	17.27	N/A	N/A	32.37	28.24
Central - F.O. 32	16.50	16.84	0.55	0.35	28.02	25.72
Florida - F.O. 6	21.11	21.98	N/A	N/A	80.55	86.33
Mideast - F.O. 33	16.85	17.25	0.90	0.76	29.50	28.30
Northeast - F.O. 1	17.69	18.06	1.74	1.57	28.40	27.70
Pacific NW - F.O. 124	16.47	16.77	0.52	0.28	22.32	17.28
California - F.O. 51	16.59	16.94	0.64	0.45	16.10	20.70
Southeast - F.O. 7	19.60	19.80	N/A	N/A	71.80	67.87
Southwest - F.O. 126	17.33	17.65	1.38	1.16	31.10	28.53
Upper Midwest - F.O. 30	16.22	16.74	0.27	0.25	9.70	10.30

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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