

The Market Administrator's BULLETIN

SOUTHWEST MARKETING AREA

Cary Hunter, Market Administrator

January 2022

Federal Order No. 126

Market Overview

Producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a December statistical uniform price of \$19.77 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 \$19.06 in November.

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$1.41 for December. The December Class I price increased \$1.19 from \$21.18 in November to the December level of \$22.37. The Class II price increased \$1.44 from \$18.40 in November to \$19.84 in December. The Class III price increased \$0.33 from \$18.03 in November to \$18.36 in December. The Class IV price increased \$1.09 from \$18.79 in November to \$19.88 in December.

In December, 407 producers delivered a total of 1,140,348,582 pounds of milk. On a daily basis, this represents an increase of 1.54 percent from the producer receipts level in November and an increase of 7.90 percent when compared to the producer receipts level of December 2020.

Producer milk classified as Class I during December amounted to 30.48 percent of total producer receipts. This figure is down from 31.36 percent in November and down from 33.56 percent in December 2020. The average butterfat test of producer milk pooled during December was 4.310 percent, average protein test was 3.467 percent, average other solids test was 5.768 percent, and the average somatic cell count was 176,000.

The December butterfat price increased \$0.1378 from \$2.1541 in November to the December level of \$2.2919. The protein price decreased \$0.1559 from \$2.7536 in November to \$2.5937 in December. The other solids price increased \$0.0583 from \$0.3949 in November to \$0.4532 in December. The somatic cell adjustment rate in December was 0.00088 per cwt.

December 2021 Pool Summary

- ◆ The Statistical Uniform Price for the Southwest Order in December 2021 is \$19.77 with a PPD of \$1.41
- ◆ 1,140 million pounds were pooled in December. This is up 1.54 percent on a daily basis from November 2021
- ◆ 407 producers pooled their milk; this is the same as in November
- ◆ Class I milk accounted for 30.48 percent of all receipts, down from 31.36 in November

Classification of Producer Milk

	<i>Price</i>	<i>Pounds</i>	<i>Percent</i>
Class I	22.17	347,597,097	30.48
Class II	19.84	96,383,754	8.45
Class III	18.36	665,442,501	58.36
Class IV	19.88	30,925,230	2.71

Producer Prices

Statistical Uniform Price	\$19.77	/ cwt
Producer Price Differential	\$1.41	/ cwt
Butterfat Price	\$2.2919	/ lb
Protein Price	\$2.5937	/ lb
Other Solids Price	\$0.4532	/ lb
Nonfat Solids Price	\$1.3655	/ lb
Somatic Cell Adjustment Rate	\$0.00088	/ cwt

The Milk Donation Reimbursement Program versus the Dairy Donation Program: What's changed and What's the same.

The Milk Donation Reimbursement Program (MDRP) was created in the 2018 Farm Bill to, “reduce food waste and provide nutrition assistance to low-income individuals.” ([AMS, 2021](#)). In 2019, Congress authorized \$9 million for the program and in subsequent years \$5 million. In 2021 Congress temporarily expanded the MDRP until September 1, 2023, with additional funding that would allow for reimbursement of expenses not covered in the MDRP program under the Dairy Donation Program (DDP). A summary and comparison for both programs are shown below. The information in the table comes from <https://www.ams.usda.gov/services/ddp> and <https://www.ams.usda.gov/services/milk-donation-reimbursement-program>.

Overview:

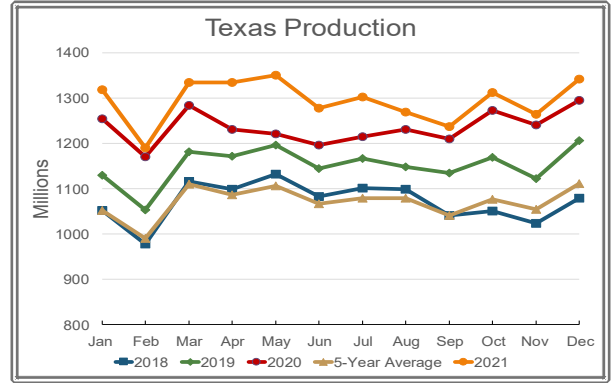
1. DDP expands on MDRP. If an eligible dairy organization is in both programs, then the maximum amount allowed to be collected would be the DDP amount. If payments have been made under MDRP then a supplemental reimbursement payment will equal DDP reimbursement minus the MDRP reimbursement.
2. If you are already enrolled in the MDRP program, then you are automatically enrolled in DDP program.
3. New applicants should enroll in the DDP program.

The table on the next page provides a quick comparison of the two programs.

	Milk Donation Reimbursement Program	Dairy Donation Program
Purpose of the program?	Under this program, eligible dairy organizations partner with non-profit organizations that distribute food to low-income individuals. Those partnerships may apply for and receive limited reimbursements to cover expenses related to certain fluid milk product donations.	Under this new program, eligible dairy organizations partner with non-profit feeding organizations that distribute food to individuals and families. Those partnerships may apply for and receive reimbursements to cover some expenses related to eligible dairy product donations.
Program duration	October 2018 – December 2023	September 2021 – September 2023 (or until funds are expended)
Congressional funding amount	\$19 Million (2019), \$5 Million (2020-2023)	\$400 Million
Who can participate?	An eligible dairy organization will: be regulated under a Federal Milk Marketing Order (FMMO); account to an FMMO pool; and incur applicable qualified expenses	Dairy processors or dairy farmers (either individually or as part of a cooperative) that account to a Federal Milk Marketing Order (FMMO) and incur a qualified expense related to certain dairy product donations.
What is reimbursable?	Costs incurred by accounting to a FMMO pool for Class I products (i.e., the difference between location-adjusted Class I price and the lowest class price)	Costs including classified fresh milk cost , certain standard manufacturing costs , and certain transportation costs for Class I, II, III, and IV products.
Is there retroactive reimbursement?	Claims for 2019, 2020, and 2021 are now closed.	Claims for 2020 and 2021 are eligible to be reimbursed. Claims need to be filed by March 1, 2022.
What documentation is needed?	Documentation such as processing and shipping records; bills of lading; storage records; and/or receiving records from the eligible distributor.	Documentation such as processing and shipping records; bills of lading; warehouse receipts, distribution records; and/or receiving records from the eligible distributor.
Further Information link	https://www.ams.usda.gov/services/milk-donation-reimbursement-program	https://www.ams.usda.gov/services/ddp
Application Information link	https://www.ams.usda.gov/sites/default/files/media/MilkDonationandDistributionPlan-Form.pdf	https://www.ams.usda.gov/sites/default/files/media/DairyDonationandDistributionPlan-Form.xlsx
Contact Personnel	Emily DeBord at MDRP@usda.gov or 202-720-5567	Emily DeBord at DDP@usda.gov or 202-658-9369

Texas Dairy Production

In December, Texas dairy production totaled 1,342 million pounds. This is a 2.87 percent increase relative to December 2020 and a 20.8 percent increase from the December five year average (2016-2020). The December average butterfat for Texas production is 4.41 percent, the average protein is 3.49 percent, and the average other solids at 5.78 percent. The average somatic cell count is at 180,000.



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	330	1,312,910	1,272,023	3.21	4.24	3.45	5.77	215
Nov	331	1,264,214	1,239,929	1.96	4.39	3.52	5.77	191
Dec	<u>325</u>	1,341,794	1,304,413	2.87	4.41	3.49	5.78	180
Total	335	15,529,197	14,825,062	4.75	4.23	3.38	5.78	214

1/ Revised

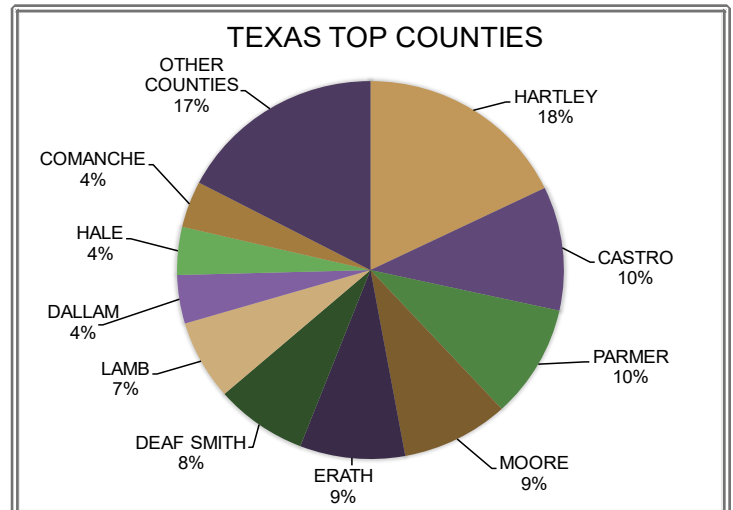
2/ Simple Average of Total

Top Texas Counties

Hartley County has the largest share of Texas production at 18 percent, followed by Castro and Parmer Counties at 10 percent. Overall, 325 producers delivered milk in Texas for the month of December.

County	Number of Producers	December 2021 Pounds	% Change 2020/2021
HARTLEY	18	239,513,497	0.85
CASTRO	14	142,214,899	10.40
PARMER	16	129,933,936	4.40
MOORE	10	120,560,610	24.34
ERATH	46	117,951,223	1.82
DEAF SMITH	14	103,453,780	0.25
LAMB	13	91,500,270	1.82
DALLAM	5	55,601,938	1.03
HALE	6	55,007,996	4.72
COMANCHE	14	53,326,594	1.20
SUM	<u>156</u>	<u>1,109,064,743</u>	<u>4.94</u>
OTHER COUNTIES	169	232,729,104	(5.98)
TEXAS TOTAL	325	1,341,793,847	2.87

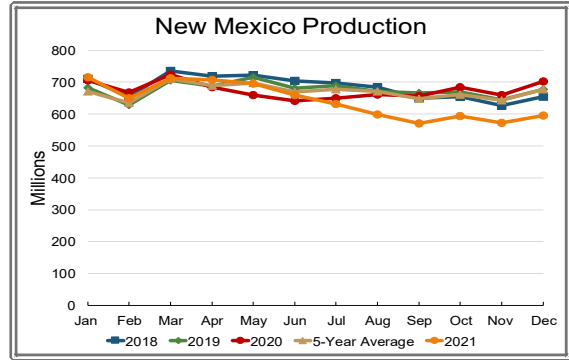
1/ Revised



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

New Mexico Dairy Production

In December, New Mexico dairy production totaled 595 million pounds. This is a 15.36 percent decrease relative to December 2020 and a 12.2 percent decrease from the December five year average (2016-2020). The December average butterfat is 4.02 percent, the average protein is 3.34 percent, and the average other solids at 5.77 percent. The average somatic cell count is at 168,000.



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	113	594,320	684,537	(13.18)	3.87	3.30	5.76	205
Nov	110	571,659	660,408	(13.44)	3.98	3.37	5.75	179
Dec	<u>109</u>	595,152	703,177	(15.36)	4.02	3.34	5.77	168
Total	119	7,701,056	8,096,355	(4.88)	3.83	3.21	5.77	195

1/ Revised

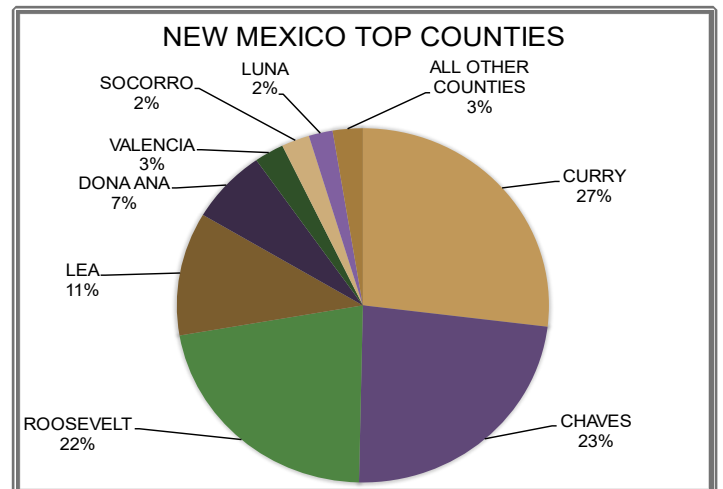
2/ Simple Average of Total Components

Top New Mexico Counties

Curry County has the largest share of New Mexico production at 27 percent, followed by Chaves and Roosevelt Counties at 23 and 22 percent, respectively. Overall, 109 producers delivered milk in New Mexico for the month of December.

County	Number of Producers	December 2021 Pounds	% Change 2020/2021
CURRY	23	160,274,476	(8.75)
CHAVES	23	139,285,727	(17.37)
ROOSEVELT	30	130,585,487	(15.76)
LEA	10	67,006,020	(5.21)
DONA ANA	8	40,236,370	(10.96)
VALENCIA	4	15,351,011	(24.72)
SOCORRO	4	14,512,566	(34.42)
LUNA	3	12,383,180	(13.41)
SUM	105	579,634,837	(13.74)
OTHER COUNTIES	<u>4</u>	<u>15,517,570</u>	<u>(50.34)</u>
NM TOTAL	109	595,152,407	(15.36)

1/ Revised



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

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

OCTOBER 2021

	Pounds	Price	Value
Add: Class I Differential			\$364,536.28
Class I Butterfat	7,921,095	\$ 1.9338	\$15,317,813.51
Class I Skim Per Cwt	332,926,603	\$14.7300	\$49,040,088.61
Class II Butterfat	10,075,840	\$ 2.1611	\$21,774,897.86
Class II Nonfat Solids	9,196,852	\$ 1.2478	\$11,475,831.94
Class III Butterfat	25,814,834	\$ 2.1541	\$55,607,733.93
Class III Protein	21,086,788	\$ 2.7536	\$58,064,579.45
Class III Other Solids	34,428,605	\$ 0.3949	\$13,595,856.12
Class IV Butterfat	2,668,841	\$ 2.1541	\$5,748,950.41
Class IV Nonfat Solids	3,865,379	\$ 1.2960	\$5,009,531.18
Class II, III, & IV Somatic Cell Adjustment			\$1,113,198.12
Total Producer Milk- Product Pounds and Value	1,086,843,928		\$237,170,556.90
Add: Value as for 60(f) thru 60(j)			\$116,427.38
Less: Total Protein Pounds	37,816,313	\$ 2.7536	\$104,130,999.50
Total Other Solids Pounds	62,659,213	\$ 0.3949	\$24,744,123.25
Total Butterfat Pounds	46,480,610	\$ 2.1541	\$100,123,882.03
Total Value of Somatic Cell Adjustment			\$1,539,574.33
Total Milk and Value	1,086,843,928		\$6,748,405.17
Add: Location Differential Adjustments			\$4,497,425.62
Producer - Settlement Fund Reserve			\$469,692.57
Total Product Milk/URSP and Value	1,086,843,928	\$ 1.07794	11,715,523.36
Less: Producer - Settlement Fund Reserve		\$ 0.04794	\$521,030.90
Producer Price Differential (Dallas County)		\$1.03	\$11,194,492.46

PPD per cwt

Producer Milk Utilization Percentages						
	Product		Butterfat		Skim Milk	
	Pounds	Percent	Pounds	Percent	Pounds	Percent
Class I	340,847,698	31.36	7,921,095	17.04	332,926,603	32.00
Class II	106,041,860	9.76	10,075,840	21.68	95,966,020	9.22
Class III	597,608,489	54.98	25,814,834	55.54	571,793,655	54.97
Class IV	42,345,881	3.90	2,668,841	5.74	39,677,040	3.81
Total	1,086,843,928	100.00	46,480,610	100.00	1,040,363,318	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	46,480,610	37,816,313	62,659,213	100,475,526
Average Test	4.276%	3.479%	5.765%	9.244%

Federal Order Prices

Federal Order	Statistical Uniform	Statistical Uniform	PPD	PPD	Class I Utilization	Class I Utilization
	Dec-21	Nov-21	Dec-21	Nov-21	Dec-21	Nov-21
Appalachian - F.O. 5	22.08	21.13	N/A	N/A	73.37	76.75
Arizona - F.O. 131	20.07	19.15	N/A	N/A	30.46	29.61
Central - F.O. 32	19.03	18.25	0.67	0.22	31.26	32.26
Florida - F.O. 6	23.97	22.93	N/A	N/A	83.54	85.05
Mideast - F.O. 33	19.35	18.53	0.99	0.50	34.80	33.80
Northeast - F.O. 1	20.49	19.54	2.13	1.51	31.80	32.70
Pacific NW - F.O. 124	19.12	18.38	0.76	0.35	19.63	25.25
California - F.O. 51	19.33	18.76	0.97	0.73	24.10	20.30
Southeast - F.O. 7	22.28	21.22	N/A	N/A	66.97	71.21
Southwest - F.O. 126	19.77	19.06	1.41	1.03	30.48	31.36
Upper Midwest - F.O. 30	18.61	18.21	0.25	0.18	9.80	11.40

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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