

The Market Administrator's BULLETIN

SOUTHWEST MARKETING AREA

Cary Hunter, Market Administrator

June 2022

Federal Order No. 126

Market Overview

Producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a May statistical uniform price of \$25.85 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 \$25.43 in April.

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$0.64 for May. The May Class I price increased \$1.07 from \$27.38 in April to the May level of \$28.45. The Class II price increased \$0.16 from \$25.71 in April to \$25.87 in May. The Class III price increased \$0.79 from \$24.42 in April to \$25.21 in May. The Class IV price decreased \$ 0.32 from \$25.31 in April to \$24.99 in May.

In May, 406 producers delivered a total of 1,212,478,227 pounds of milk. On a daily basis, this represents an decrease of 1.39 percent from the producer receipts level in April and an increase of 20.34 percent when compared to the producer receipts level of May 2021.

Producer milk classified as Class I during May amounted to 25.97 percent of total producer receipts. This figure is down from 27.51 percent in April and down from 31.61 percent in May 2021. The average butterfat test of producer milk pooled during May was 4.090 percent, average protein test was 3.286 percent, average other solids test was 5.798 percent, and the average somatic cell count was 176,000.

The May butterfat price decreased \$0.0405 from \$3.1461 in April to the May level of \$3.1056. The protein price increased \$0.4457 from \$3.4239 in April to \$3.8696 in May. The other solids price decreased \$0.0708 from \$0.5565 in April to \$0.4857 in May. The somatic cell adjustment rate in May was 0.00121 per cwt.

May 2022 Pool Summary

- ◆ The Statistical Uniform Price for the Southwest Order in May 2022 is \$25.85 with a PPD of \$0.64
- ◆ 1,212 million pounds were pooled in May. This is down 1.39 percent on a daily basis from April 2022
- ◆ 406 producers pooled their milk; this is up from 381 in April
- ◆ Class I milk accounted for 25.97 percent of all receipts, down from 27.51 in April

Classification of Producer Milk

	<i>Price</i>	<i>Pounds</i>	<i>Percent</i>
Class I	28.45	314,894,482	25.97
Class II	25.87	157,742,545	13.01
Class III	25.21	199,077,310	16.42
Class IV	24.99	540,763,890	44.6

Producer Prices

Statistical Uniform Price	\$25.85	/ cwt
Producer Price Differential	\$0.64	/ cwt
Butterfat Price	\$3.1056	/ lb
Protein Price	\$3.8696	/ lb
Other Solids Price	\$0.4857	/ lb
Nonfat Solids Price	\$1.6253	/ lb
Somatic Cell Adjustment Rate	\$0.00121	/ cwt

ASK YOUR MA

Submitted Questions and Answers

Thank you everyone for submitting your questions to us. We selected five questions to answer, which are shown below.

Q1: How realistic is it to expect the depooling rules to become more restrictive? I.e. a minimum of six months if depooled at all? Or perhaps allow Class 1 producers to depool also for a similar period Class 3 or Class 4 has been depooled?

ANS: Any changes to the regulations would need to be made through either a Federal Order Hearing (see [Federal Order Hearing brochure](#)) or the legislative process.

Q2: The last few years we have seen a tremendous increase in transportation cost. How realistic is it to create a different order for Central and South Texas and apply current hauling differentials?

ANS: Any changes to the regulations would need to be made through either a Federal Order Hearing (see [Federal Order Hearing brochure](#)) or the legislative process.

Q3: Where can I find production information on the Southwest Federal Order website?

ANS: Please look at the [October 2020 bulletin](#), pages 2 and 3 for detailed instructions.

Q4: Can you explain the difference between the advance price and the advanced payment?

ANS: Advance prices refer to the Class I price along with the Class II nonfat solids price. The advanced payment is the payment for the first 15 days of the month and is based on the lowest class price from the previous month.

Q5: What does Southwest Federal Order do to ensure that my payment tests are correct?

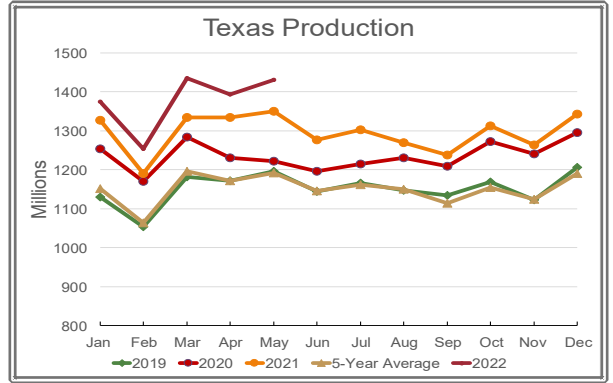
ANS: Dairy producers whose milk is pooled on the Southwest Federal Milk Marketing Order, can rest assured that their milk payment test results are accurate each month. Independent producers' payment test results are established by the Federal Milk Market Administrator's (FMMA) laboratory for components and Somatic cells. Milk samples are collected by FMMA staff or contract employees and shipped into the FMMA laboratory for analysis. Results are made available to producers through a secure online portal.

Other Producer (cooperative producers and some non-pooled independent producers) payment testing in the Southwest Order is provided by private laboratories. These types of laboratories are monitored daily by the Southwest FMMA using the national control sample sets, internal control pilots, and the testing of duplicate producer samples. Daily reports are sent to the laboratories to ensure any abnormalities in testing are prevented and corrected if needed.

Producer component test results and somatic cell counts are either established or verified through the Southwest FMMA Laboratory and/or the Marketing Service Laboratory Monitoring Program. The FMMA laboratories and associated staff participate in a national Total Quality Management program, and are under the oversight of the USDA, Science and Technology Division. The FTIR instruments are validated and calibrated regularly by reference chemistry tests performed by highly-trained chemists in the eight USDA, FMMA laboratories. The FMMA national control sample set's values are used for the calibration of FMMA FTIR instruments and are established through reference chemistries which are performed using methods established by the Association of Official Analytical Collaboration International (AOAC). The chemistry results from the eight USDA laboratories are sent to Cornell University for statistical analysis. The statistical vetted milk control sample set is not only used to monitor the FMMA laboratories but is also used throughout the Nation to monitor private laboratories performing analysis in producer payment samples.

Texas Dairy Production

In May, Texas dairy production totaled 1,430 million pounds. This is a 5.88 percent increase relative to May 2021 and a 20.00 percent increase from the May five year average (2017-2021). The May average butterfat for Texas production is 4.19 percent, the average protein is 3.32 percent, and the average other solids at 5.81 percent. The average somatic cell count is at 173,000.



Month	2022 Number of Producers	2022 Pounds (In Thousands)	2021 Pounds (In Thousands)	% Change from 2021/2022	2022 Butterfat	2022 Protein	2022 Other Solids	2022 SCC (In Thousands)
Jan	326	1,374,644	1,327,361	3.56	4.42	3.49	5.78	181
Feb	326	1,253,077	1,203,149	4.15	4.42	3.47	5.79	182
Mar	324	1,434,529	1,343,659	6.76	4.37	3.44	5.78	173
Apr	323	1,392,807	1,333,803	4.42	4.27	3.39	5.79	171
May	321	1,429,818	1,350,465	5.88	4.19	3.32	5.81	173
Jun			1,277,426					
Jul			1,301,047					
Aug			1,268,705					
Sep			1,236,659					
Oct			1,312,910					
Nov			1,264,214					
Dec			1,341,794					
Total		6,884,875	15,561,192					

1/ Revised

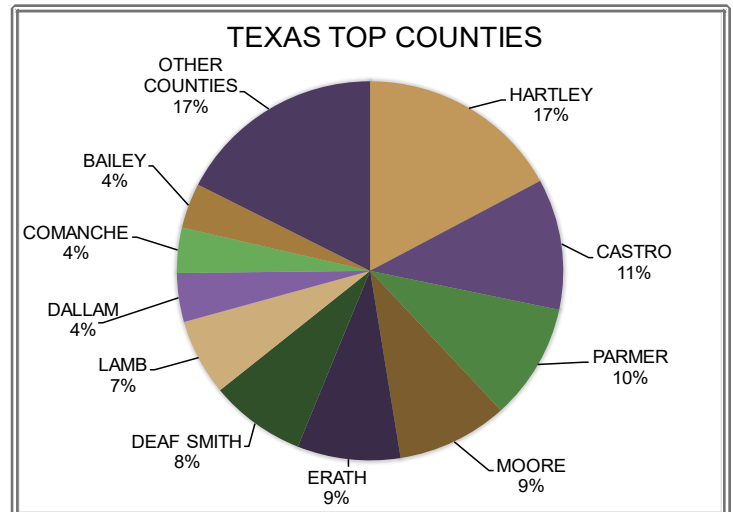
2/ Simple Average of Total

Top Texas Counties

Hartley County has the largest share of Texas production at 17 percent, followed by Castro and Parmer Counties at 11 and 10 percent, respectively. Overall, 321 producers delivered milk in Texas for the month of May.

County	Number of Producers	May 2022 Pounds	% Change 2021/2022
HARTLEY	19	244,981,515	4.09
CASTRO	15	159,633,063	13.99
PARMER	16	141,098,738	6.00
MOORE	10	133,013,130	16.80
ERATH	46	123,362,106	5.29
DEAF SMITH	14	115,171,886	10.30
LAMB	13	92,934,420	2.60
DALLAM	5	59,558,280	2.80
COMANCHE	14	55,158,002	8.40
BAILEY	10	54,903,445	3.24
SUM	<u>162</u>	<u>1,179,814,585</u>	<u>7.59</u>
OTHER COUNTIES	159	250,003,870	(1.54)
TEXAS TOTAL	321	1,429,818,455	5.88

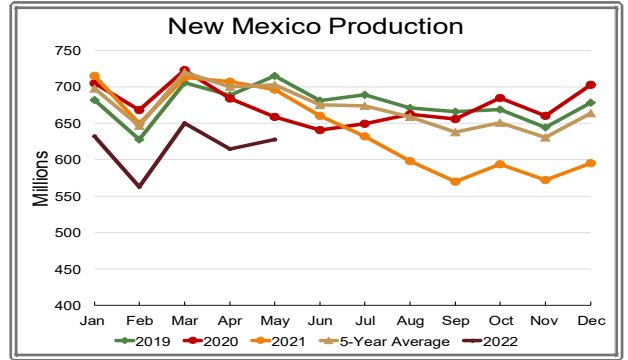
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Click [HERE](#) for more information on Texas Milk Production

New Mexico Dairy Production

In May, New Mexico dairy production totaled 628 million pounds. This is a 9.79 percent decrease relative to May 2021 and a 10.60 percent decrease from the May five year average (2017-2021). The May average butterfat is 3.78 percent, the average protein is 3.17 percent, and the average other solids at 5.80 percent. The average somatic cell count is at 153,000.



Month	2022 Number of Producers	2022 Pounds (In Thousands)	2021 Pounds (In Thousands)	% Change from 2021/2022	2022 Butterfat	2022 Protein	2022 Other Solids	2022 SCC (In Thousands)
Jan	109	632,112	714,908	(11.58)	4.03	3.33	5.79	171
Feb	109	563,156	649,004	(13.23)	4.02	3.31	5.79	175
Mar	109	650,082	712,738	(8.79)	3.94	3.28	5.78	161
Apr	110	614,872	706,687	(12.99)	3.85	3.23	5.78	156
May	107	628,012	696,133	(9.79)	3.78	3.17	5.80	153
Jun			660,067					
Jul			632,273					
Aug			597,982					
Sep			570,133					
Oct			594,320					
Nov			571,659					
Dec			595,152					
Total		3,088,234	7,701,056					

1/ Revised

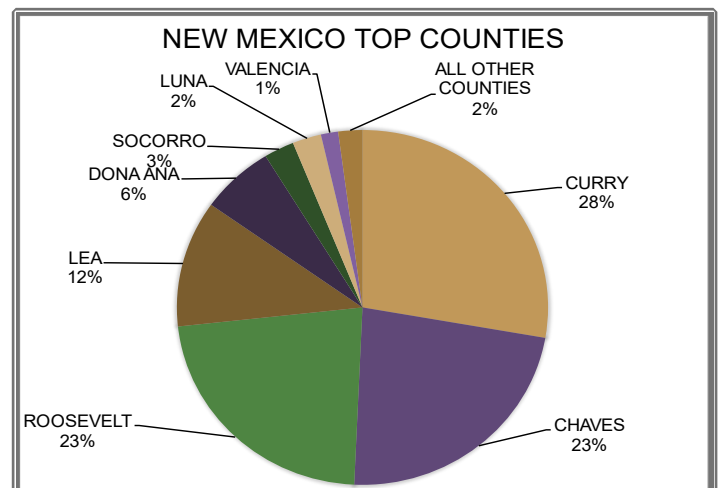
2/ Simple Average of Total

Top New Mexico Counties

Curry County has the largest share of New Mexico production at 28 percent, followed by Chaves and Roosevelt Counties both at 23 percent. Overall, 107 producers delivered milk in New Mexico for the month of May.

County	Number of Producers	May 2022 Pounds	% Change 2021/2022
CURRY	23	174,282,270	(2.29)
CHAVES	22	144,188,233	(10.93)
ROOSEVELT	31	141,762,773	(4.15)
LEA	10	72,447,978	1.14
DONA ANA	8	40,399,650	(11.80)
SOCORRO	4	16,558,098	(27.50)
LUNA	3	15,771,733	5.98
VALENCIA	3	9,427,032	(53.77)
SUM	104	614,837,767	(7.36)
OTHER COUNTIES	3	13,173,918	(59.39)
NM TOTAL	107	628,011,685	(9.79)

1/ Revised



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

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

MAY 2022

	Pounds	Price	Value
Add: Class I Differential			\$462,743.27
Class I Butterfat	7,417,267	\$ 3.1673	\$23,492,709.79
Class I Skim Per Cwt	307,477,215	\$17.9900	\$55,315,150.98
Class II Butterfat	15,427,055	\$ 3.1126	\$48,018,251.42
Class II Nonfat Solids	13,369,628	\$ 1.7244	\$23,054,586.54
Class III Butterfat	8,012,145	\$ 3.1056	\$24,882,517.51
Class III Protein	6,313,550	\$ 3.8696	\$24,430,913.09
Class III Other Solids	11,523,223	\$ 0.4857	\$5,596,829.39
Class IV Butterfat	18,742,050	\$ 3.1056	\$58,205,310.50
Class IV Nonfat Solids	50,049,294	\$ 1.6253	\$81,345,117.55
Class II, III, & IV Somatic Cell Adjustment			\$1,989,950.23
Total Producer Milk- Product Pounds and Value	1,212,478,227		\$346,754,028.86
Add: Value as for 60(f) thru 60(j)		Total Value of Milk in Pool	\$30,487.33
Less: Total Protein Pounds	39,846,084	\$ 3.8696	\$154,188,406.67
Total Other Solids Pounds	70,304,445	\$ 0.4857	\$34,146,868.95
Total Butterfat Pounds	49,598,517	\$ 3.1056	\$154,033,154.40
Total Value of Somatic Cell Adjustment			\$2,546,231.55
Total Milk and Value	1,212,478,227		\$1,869,854.62
Add: Location Differential Adjustments			\$6,083,814.23
Producer - Settlement Fund Reserve			\$375,572.13
Total Product Milk/URSP and Value	1,212,478,227	\$ 0.68696	\$8,329,240.98
Less: Producer - Settlement Fund Reserve		\$ 0.04696	\$569,380.33
Producer Price Differential (Dallas County)		\$.64	\$7,759,860.65

PPD per cwt

Producer Milk Utilization Percentages						
	Product		Butterfat		Skim Milk	
	Pounds	Percent	Pounds	Percent	Pounds	Percent
Class I	314,894,482	25.97	7,417,267	14.95	307,477,215	26.44
Class II	157,742,545	13.01	15,427,055	31.10	142,315,490	12.24
Class III	199,077,310	16.42	8,012,145	16.16	191,065,165	16.43
Class IV	540,763,890	44.60	18,742,050	37.79	522,021,840	44.89
Total	1,212,478,227	100.00	49,598,517	100.00	1,162,879,710	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	49,598,517	39,846,084	70,304,445	110,150,529
Average Test	4.090%	3.286%	5.798%	9.084%

Federal Order Prices

Federal Order	Statistical Uniform	Statistical Uniform	PPD	PPD	Class I Utilization	Class I Utilization
	May-22	Apr-22	May-22	Apr-22	May-22	Apr-22
Appalachian - F.O. 5	27.79	27.17	N/A	N/A	65.59	68.38
Arizona - F.O. 131	25.83	25.52	N/A	N/A	23.43	25.35
Central - F.O. 32	25.22	24.65	0.01	0.23	25.66	27.73
Florida - F.O. 6	29.76	29.13	N/A	N/A	78.54	83.90
Mideast - F.O. 33	25.59	24.91	0.38	0.49	30.10	34.30
Northeast - F.O. 1	26.58	26.07	1.37	1.65	28.70	29.40
Pacific NW - F.O. 124	25.12	24.79	(0.09)	0.37	23.30	21.05
California - F.O. 51	25.43	25.08	0.22	0.66	22.50	19.40
Southeast - F.O. 7	28.07	27.35	N/A	N/A	63.09	63.09
Southwest - F.O. 126	25.85	25.43	0.64	1.01	25.97	27.51
Upper Midwest - F.O. 30	25.34	24.55	0.13	0.13	9.50	8.60

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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