

# The Market Administrator's BULLETIN

## SOUTHWEST MARKETING AREA

Cary Hunter, Market Administrator

August 2023

Federal Order No. 126

### Market Overview

Producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a July statistical uniform price of \$16.33 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 \$17.25 in June.

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$2.56 for July. The July Class I price decreased \$0.69 from \$21.01 in June to the July level of \$20.32. The Class II price increased \$0.29 from \$18.83 in June to \$19.12 in July. The Class III price decreased \$1.14 from \$14.91 in June to \$13.77 in July. The Class IV price was unchanged, remaining at 18.26 in both June and July.

In July, 355 producers delivered a total of 1,084,318,743 pounds of milk. On a daily basis, this represents a decrease of 2.01 percent from the producer receipts level in June and an increase of 0.60 percent when compared to the producer receipts level of July 2022.

Producer milk classified as Class I during June amounted to 25.51 percent of total producer receipts. This figure is up down 26.67 percent in June and down from 26.50 percent in June 2022. The average butterfat test of producer milk pooled during July was 3.931 percent, average protein test was 3.146 percent, average other solids test was 5.781 percent, and the average somatic cell count was 247,000.

The July butterfat price increased \$0.0381 from \$2.7605 in June to the July level of \$2.7986. The protein price decreased \$0.3153 from \$1.5144 in June to \$1.1991 in July. The other solids price decreased \$0.0577 from \$0.1266 in June to \$0.0689 in July. The somatic cell adjustment rate in June was 0.00074.

### July 2023 Pool Summary

- ◆ The Statistical Uniform Price for the Southwest Order in July 2023 is \$16.33 with a PPD of \$2.56
- ◆ 1,084 million pounds were pooled in July. This is down 2.01 percent on a daily basis from June 2023
- ◆ 355 producers pooled their milk; this is down from 363 in June
- ◆ Class I milk accounted for 25.51 percent of all receipts, down from 26.67 in June

### Classification of Producer Milk

	<i>Price</i>	<i>Pounds</i>	<i>Percent</i>
Class I	20.32	276,604,250	25.51
Class II	19.12	73,626,922	6.79
Class III	13.77	722,328,425	66.62
Class IV	18.26	11,759,146	1.08

### Producer Prices

Statistical Uniform Price	\$16.33	/ cwt
Producer Price Differential	\$2.56	/ cwt
Butterfat Price	\$2.7986	/ lb
Protein Price	\$1.1991	/ lb
Other Solids Price	\$0.0689	/ lb
Nonfat Solids Price	\$0.9746	/ lb
Somatic Cell Adjustment Rate	\$0.00074	/ cwt

## August Supply and Demand Estimates

The milk production forecasts for 2023 and 2024 are lowered from last month. The cow inventory is lowered for both years based on the July 1 dairy cow inventory and heifer retention data provided in the recent Cattle report, as well as the average cow inventory data in the latest Milk Production report. Output per cow is reduced for 2023 but unchanged for 2024. Fat and skim-solids bases imports for 2023 are lowered from last month on weaker expected imports of cheese and butter. For exports, the 2023 fat basis export forecast is lowered due to lower exports of cheese, butter and butterfat products, and whole milk powder. The skim-solids export forecast is lower due primarily to weaker sales of whey products. Exports for 2024 are also reduced on both a fat basis and a skim-solids basis reflecting lower expected sales of butter, cheese, whey, and lactose. Imports for 2024 are reduced slightly on both fat and skim-solids bases, with weaker expected imports of cheese, butter, and casein. Forecasts for 2023 butter and cheese prices are raised from the previous month based on recent price strength. Whey price forecasts are lowered for 2023, as global demand remains weak. The forecast for nonfat dry milk (NDM) is raised slightly for 2023. The Class III price is raised as the higher cheese price more than offsets lower whey. The 2023 Class IV price forecast is raised due to higher butter and NDM prices. The all milk price for 2023 is raised to \$19.95 per cwt. For 2024, butter and cheese price forecasts are raised with the strength in prices carrying over from the previous year. Whey prices are lowered, while the NDM forecast is unchanged. The Class III price is raised as stronger cheese prices more than offset lower whey prices. The Class IV price is raised based on higher butter prices. The all milk price is raised to \$19.35 per cwt.

<b>U.S. Milk Supply and Use</b>					
Commodity	2022	2023 Projected		2024 Projected	
		Jul	Aug	Jul	Aug
<i>(billion pounds)</i>					
Milk					
Production	226.5	228.4	227.9	230.6	230.5
Farm Use	1.0	1.0	1.0	1.0	1.0
Fat Basis Supply					
Beginning Commercial Stocks	14.3	14.4	14.4	14.6	14.6
Marketings	225.5	227.4	226.9	229.6	229.5
Imports	7.1	7.8	7.5	7.6	7.5
Total Commercial Supply	246.9	249.6	248.8	251.8	251.6
Fat Basis Use					
Commercial Exports	13.4	11.6	11.1	12.6	12.4
Ending Commercial Stocks	14.4	14.6	14.6	14.6	14.6
Domestic Commercial Use	219.1	223.4	223.1	224.6	224.6
Skim-Solid Basis Supply					
Beginning Commercial Stocks	11.1	11.7	11.7	12.0	12.0
Marketings	225.5	227.4	226.9	229.6	229.5
Imports	6.7	6.5	6.5	6.9	6.8
Total Commercial Supply	243.3	245.6	245.1	248.5	248.3
Skim-Solids Basis Use					
Commercial Exports	52.9	50.9	50.5	53.8	53.3
Ending Commercial Stocks	11.7	12.0	12.0	12.1	12.1
Domestic Use	178.7	182.6	182.6	182.7	182.9

CCC Donations include purchases made through the USDA Trade Mitigation program. They do not include products purchased under other programs. Dairy domestic commercial use for 2020 includes additional milk marketed but not processed. NOTE: Totals may not add due to rounding.

## August Milk Supply and Demand Estimates-cont'd

U.S. Dairy Prices					
Commodity	2022	2023 Projected		2024 Projected	
		Jul	Aug	Jul	Aug
<i>(dollars per pound)</i>					
Product Prices <sup>1</sup>					
Cheese	2.1122	1.6750	1.7750	1.6900	1.7550
Butter	2.8665	2.4350	2.4950	2.3450	2.4300
Nonfat Dry Milk	1.6851	1.1700	1.1750	1.1250	1.1250
Dry Whey	0.6057	0.3500	0.3250	0.3150	0.3050
<i>(dollars per cwt)</i>					
Milk Prices <sup>2</sup>					
Class III	21.96	16.05	16.90	15.95	16.55
Class IV	24.47	18.20	18.50	17.45	17.80
All Milk <sup>3</sup>	25.34	19.55	19.95	19.10	19.35
<b>Quarterly</b>					
	2023 II <sup>5</sup>	2023 III <sup>5</sup>	2023 IV <sup>5</sup>	2024 I <sup>5</sup>	2024 II <sup>5</sup>
<i>(billion pounds)</i>					
Milk Production	58.0	56.7	56.3	57.7	58.6
<i>(dollars per cwt)</i>					
All Milk Price <sup>4</sup>	19.30	18.45	20.10	20.20	19.00
Class III Price <sup>2</sup>	16.51	16.02	16.63	16.96	16.47
Class IV Price <sup>2</sup>	18.10	18.63	18.27	17.68	17.72

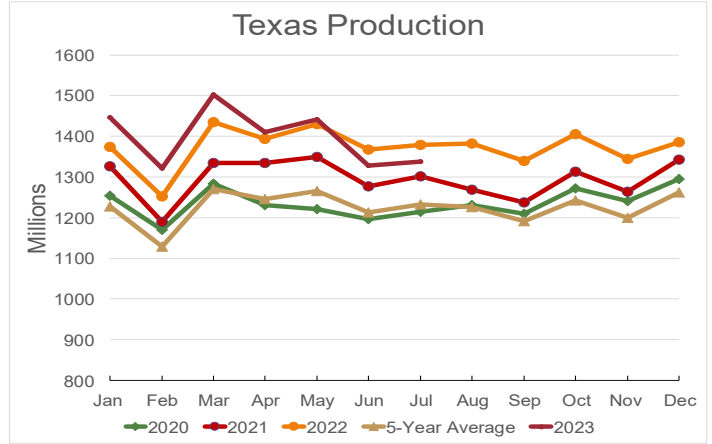
<sup>1</sup> Simple average of monthly prices calculated from AMS weekly average dairy product prices for class price computations. Details may be found by going to <http://www.ams.usda.gov/rules-regulations/mmr/dmr>; scroll down to Publications, National Dairy Products Sales Reports, and select Current Release & Archives. <sup>2</sup> Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. <sup>3</sup> Does not reflect any deductions from producers as authorized by legislation. <sup>4</sup> Prices received by farmers for all milk. <sup>5</sup> Projection.

**Source:** U.S. Department of Agriculture, World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-639, August 11, 2023*. Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, ICEC Chair, WAOB; Carolyn Liebrand, AMS; Angel Teran, ERS; Jeffery Dwyer, FAS; and Georgi Gabrielyan, FPAC].

Source: Dairy Market News, August 14-18; Volume 90, Report 33

# Texas Dairy Production

In July, Texas dairy production totaled 1,337 million pounds. This is a 3.04 percent decrease relative to July 2022 and an 8.5 percent increase from the July five year average (2018-2022). The July average butterfat for Texas production is 4.03 percent, the average protein is 3.17 percent, and the average other solids at 5.79 percent. The average somatic cell count is at 248,000.



Month	2023 Number of Producers	2023 Pounds (In Thousands)	2022 Pounds (In Thousands)	% Change from 2022/2023	2023 Butterfat	2023 Protein	2023 Other Solids	2023 SCC (In Thousands)
Jan	315	1,446,413	1,374,644	5.22	4.36	3.45	5.80	208
Feb	312	1,322,088	1,253,077	5.51	4.35	3.44	5.80	201
Mar	311	1,502,558	1,434,529	4.74	4.26	3.40	5.80	189
Apr	316	1,409,738	1,392,807	1.22	4.17	3.36	5.79	179
May	309	1,441,638	1,429,818	0.83	4.08	3.31	5.79	192
Jun	310	1,327,677	1,366,949	(2.87)	4.11	3.23	5.81	233
Jul	300	1,337,158	1,379,074	(3.04)	4.03	3.17	5.79	248
Aug			1,381,607					
Sep			1,338,655					
Oct			1,404,680					
Nov			1,345,384					
Dec			1,385,860					
Total		<b>9,787,270</b>	<b>16,487,084</b>					

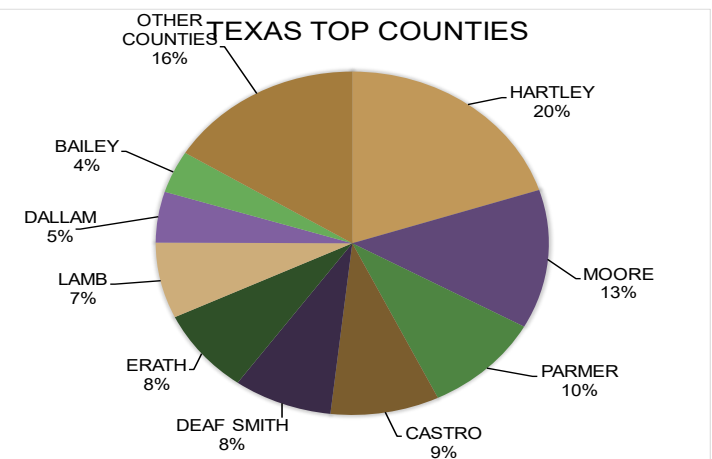
1/ Revised  
2/ Simple Average of Total

## Top Texas Counties

Hartley County has the largest share of Texas production at 20 percent, followed by Moore and Parmer Counties, at 13% and 10%, respectively. Overall, 300 producers delivered milk in Texas for the month of July.

County	Number of Producers	July 2023 Pounds	% Change 2022/2023
HARTLEY	18	257,552,240	3.29
MOORE	13	168,862,918	28.99
PARMER	14	125,795,745	(9.88)
CASTRO	13	115,390,580	(27.48)
DEAF SMITH	14	104,839,864	(5.68)
ERATH	40	103,267,840	(8.72)
LAMB	13	92,076,825	0.55
DALLAM	5	61,723,350	1.75
BAILEY	10	51,281,427	(3.25)
HALE	6	47,843,507	(1.88)
SUM	146	1,128,634,296	(2.47)
OTHER COUNTIES	154	208,523,842	(6.00)
TEXAS TOTAL	300	1,337,158,138	(3.04)

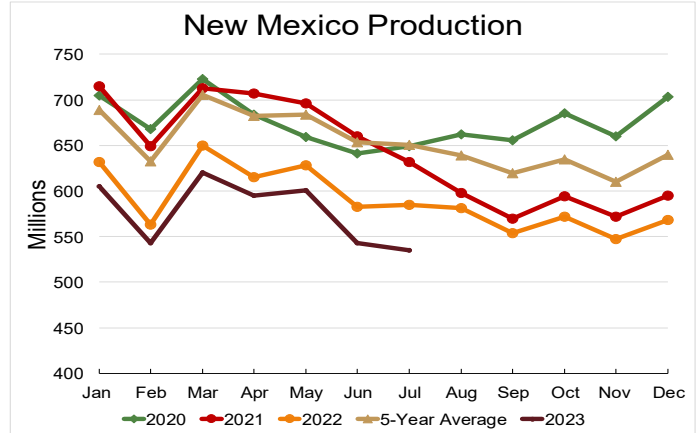
1/ Revised



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

# New Mexico Dairy Production

In July, New Mexico dairy production totaled 535 million pounds. This is an 8.55 percent decrease relative to July 2022 and a 17.7 percent decrease from the June five year average (2018-2022). The July average butterfat is 3.78 percent, the average protein is 3.09 percent, and the average other solids at 5.78 percent. The average somatic cell count is at 220,000.



Month	2023 Number of Producers	2023 Pounds (In Thousands)	2022 Pounds (In Thousands)	% Change from 2022/2023	2023 Butterfat	2023 Protein	2023 Other Solids	2023 SCC (In Thousands)
Jan	103	604,966	632,112	(4.29)	4.06	3.34	5.79	223
Feb	105	543,043	563,156	(3.57)	4.04	3.32	5.79	220
Mar	106	619,727	650,082	(4.67)	3.96	3.28	5.79	199
Apr	103	594,879	614,872	(3.25)	3.86	3.26	5.77	178
May	101	600,823	628,012	(4.33)	3.83	3.23	5.78	179
Jun	99	542,909	583,485	(6.95)	3.83	3.16	5.81	208
Jul	97	534,915	584,911	(8.55)	3.78	3.09	5.78	220
Aug			581,278					
Sep			553,579					
Oct			571,628					
Nov			546,924					
Dec			567,701					
Total		<b>4,041,262</b>	<b>7,077,740</b>					

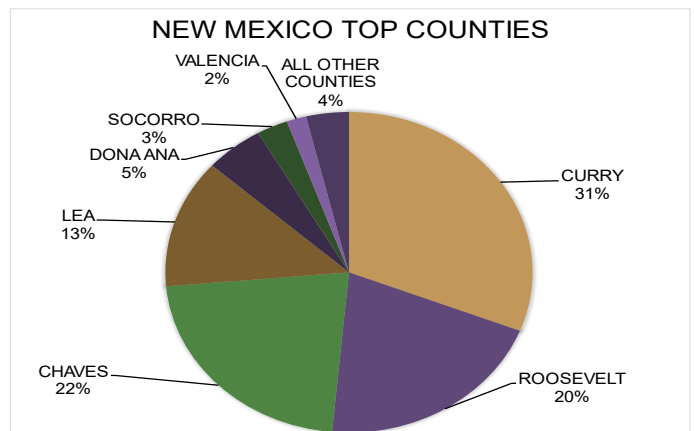
1/ Revised  
2/ Simple Average of Total

## Top New Mexico Counties

Curry County has the largest share of New Mexico production at 31 percent, followed by Chaves and Roosevelt Counties at 22 and 20 percent, respectively. Overall, 97 producers delivered milk in New Mexico for the month of July.

County	Number of Producers	July 2023 Pounds	% Change 2022/2023
CURRY	22	165,533,597	(2.75)
CHAVES	22	118,408,774	(7.11)
ROOSEVELT	26	109,796,790	(18.10)
LEA	10	69,533,138	1.11
DONA ANA	7	27,528,800	(16.70)
SOCORRO	3	14,736,359	(5.90)
VALENCIA	3	9,241,297	3.75
SUM	93	514,778,755	(10.16)
OTHER COUNTIES	4	20,135,770	68.90
NM TOTAL	97	534,914,525	(8.55)

1/ Revised



# COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

## July 2023

	Pounds	Price	Value
Add: Class I Differential			\$350,820.65
Class I Butterfat	6,974,842	\$ 2.8057	\$19,569,314.20
Class I Skim Per Cwt	269,629,408	\$10.8800	\$29,335,679.61
Class II Butterfat	6,907,804	\$ 2.8056	\$19,380,534.90
Class II Nonfat Solids	6,187,196	\$ 1.0711	\$6,627,105.66
Class III Butterfat	27,267,756	\$ 2.7986	\$76,311,541.92
Class III Protein	22,768,999	\$ 1.1991	\$27,302,306.70
Class III Other Solids	41,918,689	\$ 0.0689	\$2,888,197.70
Class IV Butterfat	1,477,687	\$ 2.7986	\$4,135,454.85
Class IV Nonfat Solids	954,670	\$ 0.9746	\$930,421.39
Class II, III, & IV Somatic Cell Adjustment			\$706,548.31
Total Producer Milk- Product Pounds and Value	1,084,318,743		\$187,537,925.89
Add: Value as for 60(f) thru 60(j)		Total Value of Milk in Pool	\$9,790.16
Less: Total Protein Pounds	34,120,694	\$ 1.1991	\$40,914,124.22
Total Other Solids Pounds	62,695,052	\$ 0.0689	\$4,319,689.09
Total Butterfat Pounds	42,628,089	\$ 2.7986	\$119,298,969.86
Total Value of Somatic Cell Adjustment			\$828,230.61
<b>Total Milk and Value</b>	1,084,318,743		\$22,167,121.95
Add: Location Differential Adjustments			\$5,564,964.96
Producer - Settlement Fund Reserve			\$492,923.42
<b>Total Producer Milk/URSP and Value</b>	1,084,318,743	\$ 2.60301	\$28,225,010.33
Less: Producer - Settlement Fund Reserve		\$ 0.04301	\$466,450.51
<b>Producer Price Differential (Dallas County)</b>		\$2.56	\$27,758,559.82

PPD per cwt	\$2.56	
Producer Price Differential	\$2.56	Remaining value from which PPD per cwt is calculated
Class III Price	\$13.77	
Statistical Uniform Price of Milk (3.5% Butterfat-Dallas)	\$16.33	

Average Somatic Cell Count	247,000
Total Number of Producers	355

Producer Milk Utilization Percentages						
	Product		Butterfat		Skim Milk	
	Pounds	Percent	Pounds	Percent	Pounds	Percent
<b>Class I</b>	276,604,250	25.51	6,974,842	16.36	269,629,408	25.88
<b>Class II</b>	73,626,922	6.79	6,907,804	16.20	66,719,118	6.40
<b>Class III</b>	722,328,425	66.62	27,267,756	63.97	695,060,669	66.73
<b>Class IV</b>	11,759,146	1.08	1,477,687	3.47	10,281,459	.99
<b>Total</b>	1,084,318,743	100.00	42,628,089	100.00	1,041,690,654	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
<b>Total Pounds</b>	42,628,089	34,120,694	62,695,052	96,815,746
<b>Average Test</b>	3.931%	3.146%	5.781%	8.928%

# Federal Order Prices

Federal Order	Statistical Uniform	Statistical Uniform	PPD	PPD	Class I Utilization	Class I Utilization
	Jul-23	Jun-23	Jul-23	Jun-23	Jul-23	Jun-23
Appalachian - F.O. 5	19.85	20.31	N/A	N/A	66.94	66.72
Arizona - F.O. 131	17.48	17.93	N/A	N/A	27.42	24.34
Central - F.O. 32	15.88	16.64	2.11	1.73	25.35	26.55
Florida - F.O. 6	21.91	22.52	N/A	N/A	80.98	82.43
Mideast - F.O. 33	16.24	17.08	2.47	2.17	35.3	36.37
Northeast - F.O. 1	18.23	18.61	4.46	3.7	26.5	27.1
Pacific NW - F.O. 124	16.19	16.82	2.42	1.91	19.78	20.48
California - F.O. 51	15.53	16.42	1.76	1.51	17.3	18.3
Southeast - F.O. 7	20.52	20.96	N/A	N/A	71.89	70.74
Southwest - F.O. 126	16.33	17.25	2.56	2.34	25.51	26.67
Upper Midwest - F.O. 30	14.18	15.27	0.41	0.36	5.3	5.4

## 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](mailto:sw.order@dallasma.com) (Email)

For more information, visit our website: [www.dallasma.com](http://www.dallasma.com)

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact the USDA's TARGET Center at 202-720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S. W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.