

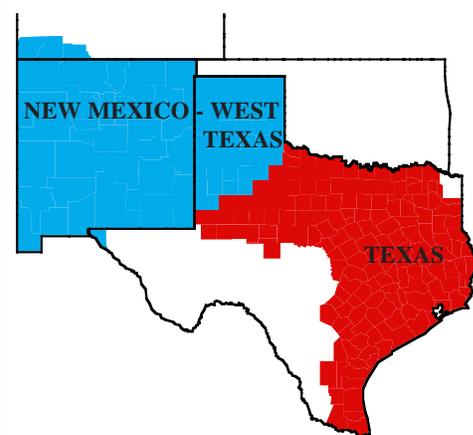
THE MARKET ADMINISTRATOR'S

REPORT



TEXAS MARKETING AREA NEW MEXICO - WEST TEXAS MARKETING AREA

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VOLUME XXI, NO. 8

AUGUST 1995

MARKET SUMMARIES FOR JULY

The July Class III price decreased 19 cents from the previous month to \$11.23. The Class II price for July of \$11.42 per hundredweight decreased 4 cents from \$11.46 in June. July's Class III-A price increased 24 cents from June's level to \$10.61.

Texas: Producers who delivered milk to handlers located in Zones 1 and 2 of the Texas Milk Market Order received \$12.59 per hundredweight for deliveries of milk containing 3.5% butterfat. The July price was down 12 cents from June.

Producers delivered a total of 541,688,557 pounds of milk during July. On a daily basis this represents a decrease of 3.84 percent from the producer receipts level in June and it represents a decrease of 5.60 percent when compared to the producer receipts level of July 1994.

Producer milk classified as Class I during July amounted to 42.62 percent of total producer receipts. This figure is down from June's 46.63 percent and it is down from 48.09 percent in July 1994. The average butterfat test of producer milk pooled during July 1995 was 3.428 percent.

New Mexico - West Texas: Producers who delivered milk to handlers located in Zone 1 of the New Mexico - West Texas Milk Market Order received \$12.00 per hundredweight for deliveries of milk containing 3.5% butterfat. The July price was up 20 cents from June.

Producers delivered a total of 137,701,421 pounds of milk during July. On a daily basis this represents a decrease of 21.99 percent from the producer receipts level in June but it represents an increase of 8.91 percent when compared to the producer receipts level of July 1994.

Producer milk classified as Class I during July

amounted to 38.67 percent of total producer receipts. This figure is up from 32.63 percent in June but it is down from 41.26 percent in July 1994. The average butterfat test of producer milk pooled during July 1995 was 3.451 percent.

THE NEW FEDERAL MILK ORDER BASIC FORMULA PRICE

On June 1, 1995, the new Basic Formula Price provision became effective under Federal milk orders. The basic formula price is used to establish class prices under Federal milk orders. In all markets, the Class I price is the new basic formula price plus a fixed differential specified in the order. The Class II price is determined by adding a \$.30 differential to the new basic formula price; the Class III price is the new basic formula price. In those orders that provide for a Class III-A, a product price formula is used to set the price.

The new basic formula price changes the procedure used to update the base month Minnesota-Wisconsin (M-W) competitive pay price to the current month. (The base month M-W price is for the previous month.) The old procedure used the M-W Price Series, a competitive pay price provided by a smaller sample of manufacturing plants, to update the base month price. The statistical reliability of the M-W Price Series has been questioned due to the decline in Grade B milk production in the two States and the number of plants purchasing Grade B milk, along with a decline in the number of plants which could provide actual pay price data for the first half of the month. The M-W Price Series has been discontinued. The new procedure uses a butter/powder/cheese product price formula to update the base month price. The use of the product price formula update will allow

the continued use of an unregulated, competitive market price as the basis for the basic formula price.

The product price formula update determines changes in the gross values of milk used to produce Cheddar cheese and butter/nonfat dry milk from the previous month to the current month. The formula uses wholesale prices reported by Dairy Market News and annual yield factors. The product prices used are : butter, Grade AA, Chicago Mercantile Exchange (AAB); butter, Grade A, Chicago Mercantile Exchange (AB); cheese, 40-lb. block, National Cheese Exchange (NCE); nonfat dry milk, low/medium heat, West (NFDM); and dry buttermilk, West (DBM). The yield factors are those used under the dairy price support program adjusted to milk containing 3.5 percent butterfat. The gross value of milk used to manufacture Cheddar cheese equals $(9.87 \times \text{NCE}) + (.238 \times \text{AB})$. The gross value of milk used to manufacture butter/nonfat dry milk equals $(4.27 \times \text{AAB}) + (8.07 \times \text{NFDM}) + (.42 \times \text{DBM})$. The changes in gross values for Cheddar cheese and butter/nonfat dry milk from the previous month to the current month are weighted together using factors based on American cheese and nonfat dry milk production in Minnesota and Wisconsin. The new basic formula price equals the base month M-W price at 3.5 percent plus the weighted change in gross values. (For May 1995, \$11.12 + .00.)

The new basic formula price is for milk containing 3.5 percent butterfat. Under the old procedure, the basic formula price was reported at test and butterfat differential was used to adjust the price at test to 3.5 percent. Under the new procedure, the product price formula is computed at 3.5 percent; consequently, there is no need to adjust to 3.5 percent butterfat. Butterfat differentials will be calculated, but they will be used only to adjust producer blend prices and the base month of M-W price. (Note, in the butterfat differential calculation, the M-W Price at Test will be replaced by the Base Month M-W Price at Test, for

the previous month, adjusted by the same product price formula change as that used for the new basic formula price.)

MAILBOX MILK PRICES

At the request of the dairy industry, the Dairy Division of the Agricultural Marketing Service, through its Federal milk order market administrator offices, has begun to collect "mailbox milk prices".

The "mailbox price" is defined as the net price received by dairy farmers for milk, including all payments received for milk sold and deducting costs associated with marketing the milk. All payments for milk sold include, where applicable: over-order premiums; quality, component, breed, and volume premiums; payouts from state-run over-order pricing pools; payments from superpool organizations or marketing agencies in common; payouts from programs offering seasonal production bonuses; and, monthly distributions of cooperative earnings. All payments will be shown for the month in which received. Annual distributions of cooperative profits/earnings--13th checks--will not be included.

Costs associated with marketing milk include, where applicable: hauling charges, cooperative dues, assessments, equity deductions/capital retains, and reblends; the Federal milk order deduction for marketing services; Federally-mandated assessments such as the National Promotion Program and budget deficit reduction; and advertising/promotion assessments above the national program level. Other deductions, such as loan, insurance or feed mill assignments will not be included.

Since the mailbox price data series represents actual prices that dairy farmers receive for milk, it should reflect more accurately regional milk price variations. For all markets, the mailbox price is reported at the market average butterfat test; there is no adjustment to 3.5 percent.

MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS, JANUARY - JUNE 1995

Federal milk order	Mailbox Milk Price					
	Jan	Feb	Mar	Apr	May	Jun
New York-New Jersey	12.00	12.02	12.14	11.88	11.82	NA
Alabama-West Florida	12.90	12.52	12.48	12.36	12.68	NA
Chicago Regional	12.20	12.44	12.46	11.96	11.80	NA
Upper Midwest	11.97	12.24	12.23	11.67	11.52	NA
Texas	11.99	11.88	11.87	11.52	11.66	11.35
New Mexico-West Texas	10.39	10.32	10.35	10.10	10.10	9.99
Pacific Northwest	11.23	11.21	11.20	11.11	11.04	NA

TOP TEN TEXAS COUNTIES a/ – JULY 1995

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 1994</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 1994</u>
1. Erath	199	112,584,748	-1.19	7. Archer	66	15,289,752	-1.96
2. Hopkins	400	63,885,622	-5.74	8. Hamilton	41	14,499,418	+25.88
3. Comanche	56	30,994,067	+4.50	9. Cherokee	46	13,720,925	-6.31
4. Johnson	68	18,630,574	-0.77	10. Franklin	62	9,992,312	-0.24
5. El Paso	9	18,321,621	+4.75	Ten County Total	1,042	313,909,922	-0.13 b/
6. Wood	95	15,990,883	-0.35	<u>Other Counties Total</u>	<u>819</u>	<u>163,311,016</u>	<u>-4.89</u>
				Texas Total	1,861	477,220,938	-1.81

a/ Includes all known Grade "A" milk produced on farms located in Texas.

b/ Compared to top ten counties for the month in the previous year.

Minimum Prices at 3.5%, for Federal Orders 126 and 138 (Zone 1) Formula Prices (3.5%) and Price Quotations

Month	Class I a/		Class II	Class III	Class III-A	Uniform a/		B F Diff.	Grade A Butter	Block Cheese	Spray Powder
	126	138				126	138				
	----- Dollars Per Hundred Wt. -----								¢/Point	-----Cents Per Pound-----	
June 1994	16.15	15.34	12.18	11.25	10.09	13.67	12.53	5.8	64.63	119.14	106.06
July	14.67	13.86	10.35	11.41	10.13	12.60	11.92	6.0	66.94	125.53	105.62
August	14.41	13.60	11.84	11.73	10.38	13.15	12.18	6.5	71.00	127.85	106.53
September	14.57	13.76	12.95	12.04	10.35	13.47	12.71	6.4	71.00	131.39	106.59
October	14.89	14.08	12.15	12.29	10.36	13.47	12.71	6.3	71.00	132.69	107.04
November	15.20	14.39	12.53	11.86	10.40	13.60	12.74	6.4	71.00	126.56	107.10
December	15.45	14.64	12.24	11.38	10.17	13.40	12.36	5.8	65.52	120.91	106.86
Averages 1994 b/	15.33	14.52	12.45	12.00	10.27	13.51	12.54	5.8	66.77	128.70	107.93
January 1995	15.02	14.21	11.02	11.35	10.06	13.03	12.09	5.5	63.00	122.20	106.71
February	14.54	13.73	11.35	11.79	10.12	12.92	12.05	5.6	65.04	127.80	107.11
March	14.51	13.70	12.20	11.89	10.22	12.93	12.07	5.7	66.00	129.00	107.77
April	14.95	14.14	12.09	11.16	10.27	12.70	11.90	5.9	66.00	121.10	107.56
May	15.05	14.24	12.19	11.12	10.21	12.97	11.93	5.9	66.00	121.13	106.84
June	14.32	13.51	11.46	11.42	10.37	12.71	11.80	6.4	70.00	125.26	106.75
July	14.28	13.47	11.42	11.23	10.61	12.59	12.00	7.1	74.65	125.03	106.69
August	14.58	13.77	11.72								
September	14.39	13.58	11.53								

a/ Subject to zone and location adjustments. b/ Simple averages

TOP NEW MEXICO COUNTIES a/ – JULY 1995

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 1994</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 1994</u>
1. Chaves	40	114,835,009	+8.17	7. Valencia	13	11,543,006	-1.09
2. Dona Ana	24	59,160,277	+4.01	8. Bernalillo	8	10,510,212	-7.19
3. Roosevelt	28	42,730,640	+17.80	9. Socorro	9	6,157,464	+7.46
4. Curry	9	26,447,608	+23.91				
5. Eddy	5	17,620,292	+6.60	Nine County Total	147	305,834,855	+9.10
6. Lea	11	16,830,347	+16.76	<u>Other Counties Total</u>	<u>6</u>	<u>6,795,407</u>	<u>+4.56</u>
				New Mexico Total	153	312,630,262	+9.00

a/ All known Grade "A" milk produced on farms located in New Mexico.

b/ Compared to top counties for the month in the previous year.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 1993 THROUGH JULY 1995, WITH PERCENTAGE COMPARISONS**

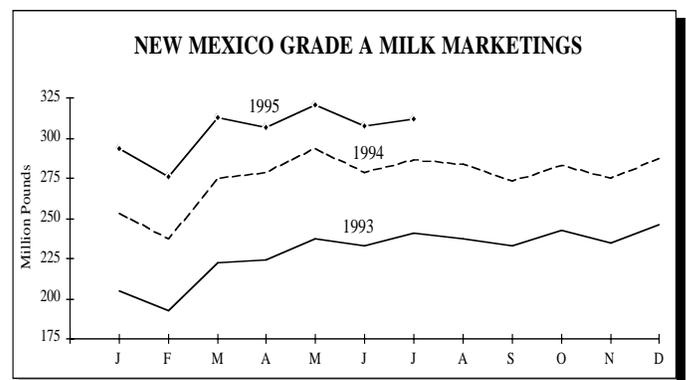
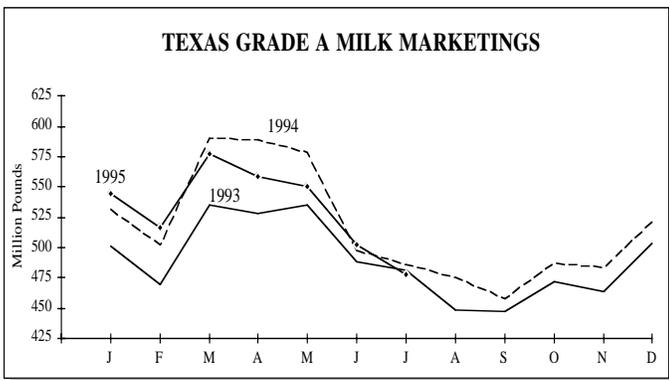
MONTH	1993 POUNDS	Number of Producers	1994 POUNDS	Number of Producers	1995 POUNDS	Number of Producers	PERCENT CHANGE 1994/93	1995/94
January	501,212,264	2,039	531,658,454	1,960	544,665,125	1,918	+6.07	+2.45
February	469,421,940	2,036	502,048,659	1,961	517,418,721	1,906	+6.95	+3.06
March	534,985,958	2,023	590,563,277	1,957	577,449,222	1,897	+10.39	-2.22
April	528,234,691	2,011	588,890,115	1,963	558,387,965	1,881	+11.48	-5.18*
May	535,272,595	2,001	578,120,136	1,956	550,303,073	1,879	+8.00	-4.81*
June	488,469,601	1,995	498,149,578	1,969	502,909,961	1,859	+1.98	+96
July	481,029,804	1,985	486,029,589	1,955	477,220,938	1,861	+1.04	-1.81
August	448,948,355	1,974	475,739,415	1,953			+5.97	
September	447,343,829	1,976	458,143,784	1,948			+2.41	
October	471,379,110	1,973	486,705,004	1,944			+3.25	
November	463,334,474	1,960	483,247,718	1,936			+4.30	
December	<u>503,356,197</u>	1,965	<u>521,399,526</u>	1,924			<u>+3.58</u>	
Years Total	5,872,988,818		6,200,845,698				+5.58	

*Revised figures

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 1993 THROUGH JULY 1995, WITH PERCENTAGE COMPARISONS**

MONTH	1993 POUNDS	Number of Producers	1994 POUNDS	Number of Producers	1995 POUNDS	Number of Producers	PERCENT CHANGE 1994/93	1995/94
January	204,707,796	139	253,218,001	147	293,542,014	156	+23.69	+15.92*
February	192,335,243	140	237,211,785	148	276,638,548	155	+23.33	+16.62*
March	222,849,739	140	275,165,335	145	313,161,171	152	+23.48	+13.81
April	224,429,460	141	278,682,898	149	307,337,393	152	+24.17	+10.28*
May	237,473,164	143	293,746,832	149	320,781,400	154	+23.70	+9.20*
June	232,947,016	142	278,940,461	150	309,224,349	153	+17.44	+10.86
July	240,574,076	145	286,825,906	149	312,630,262	153	+19.23	+9.00
August	237,512,245	146	283,870,810	150			+19.52	
September	232,833,573	146	273,359,295	151			+17.41	
October	242,443,358	148	283,588,806	152			+16.97	
November	234,445,273	149	275,359,100	152			+17.45	
December	<u>246,724,079</u>	148	<u>287,886,379</u>	154			<u>+16.68</u>	
Years Total	2,749,275,022		3,307,855,608				+20.32	

*Revised figures



TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat		Protein		Lactose		S-N-F		SCC*	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
July 1994	3.37	3.37	3.12	3.03	4.77	4.79	8.59	8.53	454	260
August	3.44	3.39	3.15	3.06	4.76	4.79	8.61	8.56	444	264
September	3.52	3.46	3.23	3.15	4.74	4.80	8.69	8.68	448	278
October	3.63	3.61	3.27	3.21	4.80	4.82	8.78	8.76	405	252
November	3.70	3.69	3.30	3.25	4.78	4.82	8.80	8.80	397	250
December	3.68	3.69	3.27	3.23	4.81	4.82	8.80	8.77	389	255
Average 1994	3.54	3.56	3.20	3.14	4.78	4.80	8.69	8.66	393	247
January 1995	3.69	3.70	3.25	3.21	4.79	4.81	8.75	8.75	385	272
February	3.60	3.64	3.21	3.17	4.83	4.86	8.76	8.74	364	253
March	3.60	3.61	3.22	3.17	4.83	4.84	8.77	8.74	377	254
April	3.50	3.56	3.21	3.14	4.78	4.81	8.73	8.69	368	235
May	3.47	3.47	3.17	3.11	4.77	4.81	8.67	8.65	377	225
June	3.46	3.40	3.16	3.10	4.74	4.79	8.63	8.62	410	232
July	3.44	3.40	3.12	3.06	4.75	4.81	8.59	8.58	432	255

* In thousands.

NEW MEXICO - WEST TEXAS MILK MARKET AT A GLANCE

	REPORTED JUL. 1995	REPORTED JUN. 1995	REPORTED JUL. 1994
TOTAL UTILIZATION			
CLASS I	55,129,914	56,476,070	53,654,488
CLASS II	13,518,539	14,882,624	12,861,578
CLASS III/III-A	91,617,774	118,453,035	82,384,229
CLOSING INVENTORY (CLASS I, II AND III)	9,732,641	8,232,563	7,813,256
TOTAL UTILIZATION	169,998,868	198,044,292	156,713,551
DAILY CLASS I UTILIZATION	1,778,384	1,882,536	1,730,790
JUL. -DAILY CLASS I COMPARED TO:		-5.53%	+2.75%
CLASS I YEAR TO DATE (IN THOUSANDS)	404,971	349,841	392,932
% CHANGE FROM PREVIOUS YEAR	+3.06%	+3.11%	-4.86%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	53,245,473	55,740,770	52,161,580
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	12,165,330	12,800,331	11,641,243
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	72,290,618	102,275,411	62,633,073
TOTAL PRODUCER RECEIPTS	137,701,421	170,816,512	126,435,896
OTHER SOURCE A/	24,040,532	14,729,861	24,469,426
OPENING INVENTORY	8,232,563	12,497,919	5,805,222
OVERAGE	24,352		3,007
TOTAL RECEIPTS	169,998,868	198,044,292	156,713,551
DAILY PRODUCER RECEIPTS	4,441,981	5,693,884	4,078,577
JUL. -DAILY PRODUCER RECEIPTS COMPARED TO:		-21.99%	+8.91%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	1,146,812	1,009,111	1,103,608
% CHANGE FROM PREVIOUS YEAR	+3.91%	+3.27%	-11.48%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.451%	3.430%	3.404%
% PRODUCER MILK CLASSIFIED AS CLASS I	38.67%	32.63%	41.26%
NUMBER OF PRODUCERS	122	126	117
AVERAGE DAILY DELIVERY PER PRODUCER	36,410	45,190	34,860
NUMBER OF POOL HANDLERS	15	15	17

A/ INCLUDES MILK, SKIM MILK, CREAM AND SKIM EQUIVALENT OF CONCENTRATED SKIM MILK PRODUCTS

THE MARKET ADMINISTRATOR'S *REPORT*

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TEXAS MILK MARKET AT A GLANCE

	REPORTED <u>JUL. 1995</u>	REPORTED <u>JUN. 1995</u>	REPORTED <u>JUL. 1994</u>
TOTAL UTILIZATION			
CLASS I	230,790,890	253,500,523	259,101,006
CLASS II	115,179,331	110,230,311	106,750,921
CLASS III/III-A	202,611,142	207,403,220	218,274,500
CLOSING INVENTORY (CLASS I, II AND III)	28,642,616	20,844,601	32,014,174
TOTAL UTILIZATION	577,223,979	591,978,655	616,140,601
DAILY CLASS I UTILIZATION	7,444,867	8,450,017	8,358,097
JUL. -DAILY CLASS I COMPARED TO:		-11.90%	-10.93%
CLASS I YEAR TO DATE (IN THOUSANDS)	1,815,386	1,584,595	1,867,134
% CHANGE FROM PREVIOUS YEAR	-2.77%	-1.46%	+3.46%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	230,884,697	254,204,782	256,893,198
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	107,357,818	97,383,018	99,062,182
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	203,446,042	193,558,759	217,839,743
TOTAL PRODUCER RECEIPTS	541,688,557	545,146,559	573,795,123
OTHER SOURCE A/	15,591,317	18,865,846	18,981,448
OPENING INVENTORY	19,918,083	27,940,366	23,320,153
OVERAGE	26,022	25,884	43,877
TOTAL RECEIPTS	577,223,979	591,978,655	616,140,601
DAILY PRODUCER RECEIPTS	17,473,824	18,171,552	18,509,520
JUL. -DAILY PRODUCER RECEIPTS COMPARED TO:		-3.84%	-5.60%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	3,918,173	3,376,484	3,879,744
% CHANGE FROM PREVIOUS YEAR	+9.99%	+2.13%	+9.10%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.428%	3.436%	3.363%
% PRODUCER MILK CLASSIFIED AS CLASS I	42.62%	46.63%	44.77%
NUMBER OF PRODUCERS	2,073	2,203	2,580
AVERAGE DAILY DELIVERY PER PRODUCER	8,429	8,249	7,174
NUMBER OF POOL HANDLERS	30	33	34

A/ INCLUDES MILK, SKIM MILK, CREAM AND SKIM EQUIVALENT OF CONCENTRATED SKIM MILK PRODUCTS